

Friday May 8
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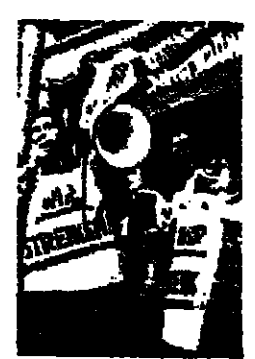
Weekend FT
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Europe: a bitter welcome
for the world's fugitives
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America's Cup: battle
of the billionaires
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Pirates: the truth about
Hook's horrible cousins
Page XVIII

German wages
Ever upward on
the escalator?
Page 6



FINANCIAL TIMES

Weekend May 9/10 1992

EUROPE'S BUSINESS NEWSPAPER

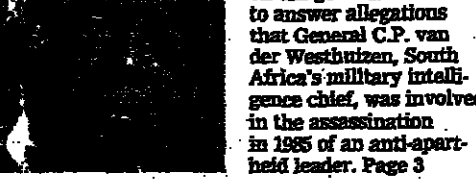
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Milosevic in full control as 38 generals sacked

Yugoslavia purged the top ranks of the military establishment to give Serbian president Slobodan Milosevic full control of the army. The dismissal of 38 generals follows a two-month smear campaign in the state-run Serbian media of the army's performance in the war in Croatia. Page 2

That demonstration stopped: Riot police stopped thousands of anti-government demonstrators in central Bangkok when they tried to march to the king's palace to demand the ousting of prime minister Sushinda Kraprayoon. Page 3

Mandela seeks answers: African National Congress president Nelson Mandela (left), called on the government to answer allegations that General C.P. van der Westhuizen, South Africa's military intelligence chief, was involved in the assassination in 1985 of an anti-apartheid leader. Page 3



Fall in US jobs: The first fall in US unemployment for nine months was seen as further evidence of economic recovery. Page 3

Oilfield ventures: Chevron Corporation, fourth largest US oil company, has agreed to a joint venture with Kazakhstan which could lead to the development of one of the world's largest oilfields. Page 2

Japanese failures: Lec, maker of bathroom products and kitchenware, filed for protection with the Tokyo district court, marking the first failure of a listed Japanese company since 1986. Page 10

Jail for ex-fertility doctor: Cecil Jacobson, a former fertility doctor, from Alexandria, Virginia, convicted of deceptively impregnating patients with his own sperm, was sentenced to five years in prison and fined \$75,000.

Death toll rises: The death toll from the collapse of a temporary soccer stand in Bastia, Corsica, rose to 12 when another of the 530 injured died in hospital.

Broker to quit: Hoare Govett Japan, Japanese arm of the London-based broker, will close its Tokyo branch, becoming the seventh foreign-affiliated broker to withdraw from Tokyo. Page 10

Police investigate: Major UK prime minister John Major said he was "extremely pleased" with the results of Thursday's local elections, in which the Conservatives took control of seven councils and gained more than 300 seats. Page 4

Warning from Foster's: Foster's Brewing Group, Australia's biggest brewer, said difficult economic conditions may force it to write down the value of its remaining non-core assets. Page 10

Woolworth moves: The German arm of US retailer Woolworth has taken an indirect stake of 6.25 per cent in Herta, Germany's fourth largest retail group, for an undisclosed sum. Page 10

M15 takes lead: M15 is to replace the Metropolitan Police Special Branch as leader in the battle against IRA attacks in mainland Britain. Page 3

State takes control: The Swedish government is to take full control of Nordbanken, the country's second largest commercial bank, in a SKr20bn (\$3.38bn) rescue. Page 10

IBM interests: IBM may invest in Time Warner Entertainment, film, television and cable division of the entertainment group, in connection with plans to create a joint venture. Page 10

Emissions agreement closer: Negotiators from 143 countries last night appeared close to agreement on limiting emissions of carbon dioxide and other "greenhouse" gases. Page 2

Dewhurst to shut shops: Dewhurst, which runs the UK's biggest chain of butcher's shops, is to close up to 600 of its 1,006 high-street outlets over the next 18 months, with the loss of up to 1,500 jobs. Page 4

Peace with Albania: Britain is to return to Albania \$10m in gold looted by the Nazis during the second world war and Albania will pay \$2m (£1.1m) compensation for an accident in 1946 in which 44 British seamen died off Albania. However, money and gold are unlikely to change hands. Page 2

STOCK MARKET INDICES		STERLING	
FT-SE 100	2,726.7 (+0.3)	New York headline	5,178.95
FT-SE 100	1,188.48 (+0.43)	London	1,789
FT-SE 100	1,188.48 (+0.43)	D	1,787 (1,796.5)
FT-SE 100	1,188.48 (+0.43)	S	2,845 (2,94)
FT-SE 100	1,188.48 (+0.43)	FF	0.9 (0.875)
FT-SE 100	1,188.48 (+0.43)	FF	2,725 (2,715)
FT-SE 100	1,188.48 (+0.43)	Y	228.25 (228.5)
FT-SE 100	1,188.48 (+0.43)	S index	92.9 (92.8)
US DOLLAR		DOLLAR	
Federal Funds	3.11%	New York headline	1,545
3-mo Treasury Bill	3.75%	London	1,545
6-mo Treasury Bill	3.75%	FF	1,529
1-yr Treasury Bill	3.75%	Y	1,529
3-yr Treasury Bill	3.75%	FF	1,545
6-yr Treasury Bill	3.75%	Y	1,545
12-yr Treasury Bill	3.75%	FF	1,545
30-yr Treasury Bond	3.75%	Y	1,545
3-yr Treasury Note	3.75%	FF	1,545
6-yr Treasury Note	3.75%	Y	1,545
12-yr Treasury Note	3.75%	FF	1,545
30-yr Treasury Bond	3.75%	Y	1,545

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Germany braced for private sector strikes

By Christopher Parkes in Bonn

GERMANY is bracing itself for more strikes next week as bitter negotiations sour the air of relief yesterday over the end of the country's worst public sector strike since the war. "I find it hard to accept this award and have agreed with a heavy heart," he said.

His comments came as engineering employers in the private sector were bracing themselves for official strikes among their 4m workers.

Mr Rudolf Seiters, interior minister, who led the employers negotiating team, claimed the Social Democrat employers had undermined his position as he entered the crucial closing round of pay talks on Thursday which led to a 5.4 per cent offer. "I find it hard to accept this award and have agreed with a heavy heart," he said.

While claiming that private sector employers were increasingly prepared for stoppages, he seemed uncertain about the extent to which they could hold down wages.

As Mr Cromme warned of falling sales and profits, and "pruning" in his company, about 120,000 metalworkers continued "warning strikes". Their union, IG Metall, is due to hold a board meeting on Tuesday to plan the next stages of its campaign for a 9.5 per cent pay rise. The employers have so far refused to improve their 3.3 per cent offer.

The headline figure of 5.4 per cent for public services is now widely viewed as the starting point for a settlement, although many public service union members, ordered back to work overnight, described their award - a mixture of one-off payments and a 5.4 per cent increase in basic pay - as a "sell-out".

Mr Seiters, who led the employers' negotiating team, said the overall award amounted to 5.12 per cent. The total extra cost of DM1.6bn (\$1.4bn) - DM2.3bn from the federal budget, DM1.6bn payable by local councils and the balance shared between state governments, post and railway authorities - was DM1.8bn less than the price of the 5.4 per cent award proposed by arbitrators.

The GTV union, meanwhile, claimed the deal was worth 5.7 per cent. Although early reactions suggested a strong vote to reject the award when it is put to

the ballot next week, observers felt the necessary 50 per cent "yes" vote would be achieved.

Mr Seiters was openly furious about last-minute interventions by Social Democrat leaders who had called publicly for payment of the full arbitration award. He said his negotiating position had been "massively weakened".

Overture to main event, Page 2
Editorial Comment, Page 6
Tough choices, Page 6
Krupp forecasts decline, Page 10
Lex, Page 22

UK government property deal may rescue O&Y

By Robert Peston in London and Bernard Simons in Toronto

THE UK government and Olympia & York are at an advanced stage in talks on a multi-million-pound property deal which would help rescue the troubled developer.

The deal would involve the government taking 500,000 square feet of space at O&Y's Canary Wharf development in East London, in return for a commitment from the company that it will make its \$400m contribution to the costs of extending the Jubilee Line to London's Docklands.

Talks between Toronto-based O&Y and the government were already taking place before the company ran into financial difficulties two months ago with debts of \$12bn.

However, Mr Michael Heseltine, Trade and Industry Secretary, has accelerated the negotiations in the hope that they will help to stabilise the company's financial position.

A deal with the government on the space at Canary Wharf, Europe's biggest property development, is unlikely to be finalised for a few weeks. However, sources close to the talks said that the Department of Trade and Industry under Mr Heseltine and the Department of Environment, his previous department, were both expected to take part.

Under the proposal being discussed, thousands of civil servants would move to London's docklands, though ministers would remain in Whitehall and Westminster.

If the deal is clinched, that should help O&Y to refinance individual Canary Wharf buildings, which in turn would provide it with the funds to meet its contribution to the Jubilee Line.

O&Y's financial difficulties have called into doubt its ability to deliver on its promise that it would provide \$400m of the costs of extending the Jubilee Line to London's Docklands.

The 11 lenders to the £3bn Canary Wharf project yesterday agreed to provide O&Y with £21m of new borrowings to meet its expenses for the rest of May. The money was provided only after extreme pressure was put on Canadian Imperial Bank of Commerce, which was threatening to put the Docklands project into administration under UK insolvency procedures by withholding its share of the new money.

In a series of meetings with its 15 principal bank creditors over the past two days, O&Y has outlined its five-year financing requirements. It wants a £300m revolving credit facility to complete phases one and two of Canary Wharf.

However, the Canary Wharf banks said yesterday they were unhappy that a substantial portion of this £300m was being raised for the sole purpose of allowing O&Y to pay them the

interest they are owed. These banks say they would rather have O&Y shares in place of cash interest, which is what the parent company's banks have been offered by O&Y.

The Canary Wharf lenders are, however, being offered shares in Canary Wharf itself. But one banker said yesterday that "at the moment these are worth nothing".

On the other hand, the parent company bank group owed \$4bn, which is being offered O&Y "B" class non-voting shares, yesterday complained about the absence of voting rights on these shares.

The main element in this \$4bn is a "jumbo" loan of \$2.5bn. O&Y has shocked the providers of this jumbo loan by telling them that its cash flow over the coming five years will only cover between 40 per cent and 60 per cent of the interest due on the loan. So the lenders may have to receive the remainder in the form of shares.

Banks in general said that the latest refinancing proposals from O&Y, presented on Thursday, were a big improvement on what was offered three weeks ago and could serve as the basis for further negotiations.

However, they are concerned that they do not solve the problem of the growing number of disgruntled holders of bonds and other securities, which are secured by O&Y buildings in Toronto and New York.



End of the phoney war: Lord Hanson sees the way clear for the Anglo-American conglomerate's next big acquisition

Hanson sells its stake in ICI

By Roland Rudd

HANSON, the Anglo-American conglomerate, yesterday cleared the way for its next big acquisition by officially ending its phoney war with Imperial Chemical Industries when it sold its 2.8 per cent stake in the UK company.

While there was no official comment from ICI except to say that it would continue to work on its cost improvement programme, one of its advisers described the sale as the final admission of defeat by the conglomerate.

Hanson made a profit from its ICI shareholding of about £20m.

It is understood that Hanson would like to make a big agreed deal by the end of the year. The conglomerate, one of the UK's most acquisitive companies, has not launched a hostile bid since 1956.

Since Hanson rode the market in May 1991 to take a 2.8 per cent stake in ICI, a full bid had been expected for the pharmaceuticals group, which waged an effective propaganda war against the conglomerate.

In response to criticism of its corporate governance and lack of an obvious successor to Lord Hanson and White, respectively chairman and

Continued on Page 22
London stocks, Page 13
Lex, Page 22

Sterling, shares up on recovery hopes

By Peter Marsh and James Biltz

SHARE prices and sterling continued to rise yesterday, as investors registered optimism about economic recovery in the UK.

The FT-SE 100 index of leading shares finished at 2,726.7, up 23.8, to reach a record close for the third day running. The pound edged up half a penny to DM2.945, its highest close in London against the D-Mark for nine months.

Sentiment about an upturn was helped by this week's half-percentage point cut in UK base rates to 10 per cent, together with a sharp rise in new car sales.

Both shares and the pound have benefited from buying pressure from international investors, especially from Japan and Germany, who appear to be taking a sanguine view of UK growth prospects.

The 66-point advance in the FT-SE 100 index during the week has been especially helped by sterling's continued rise within the 10-currency European exchange rate mechanism.

Starting the week above only the Danish krone, sterling has leaptfrogged the lira, the French franc and the punt in the past

few days. It is now only slightly weaker than the D-Mark, the central currency in the system. Mr Richard Kersley, an equity strategist at Barclays de Zoete Wedd, the London investment bank, said the mood of optimism had been fired by the perception that sterling's strength could give the Treasury room to cut UK borrowing rates still further in the next few months.

Mr Kersley warned, however, against over-optimism. "People may have become more confident, but so far we have seen very little hard evidence about the pace of any recovery."

Currencies, Page 11
London stocks, Page 13
Lex, Page 22

BT plans to reward its smooth operators

By Diane Summers, Labour Staff

BT STAFF who whistle while they work could find themselves the proud recipients of a Pierre Cardin simulated pearl necklace or a Sony Walkman, under a management scheme to lift the workforce's low spirits during this financial year.

The scheme is being introduced as BT cuts a total of 24,000 jobs.

Managers who feel a particular employee is "living BT's values" will be able to nominate the individual for a gift to be chosen from a catalogue of 60 items. Other prizes include a Fortnum and Mason hamper, binoculars, a telephone (BT-approved), and Armani scarves and gloves.

The Union of Communication Workers, which represents BT telephone operators, said it was furious about the scheme. "This is yet another cynical attempt to manipulate the workforce," said Ms Janice Stone, a UCU national official.

Operators have been particularly badly hit by the job cuts.

Continued on Page 22
National Grid to apply, Page 4

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WHITTINGDALE - SUPPORTER OF H.M. GOVERNMENT THROUGH THE PURCHASE OF GILTS ON BEHALF OF PENSIONS FUNDS, INSURANCE COMPANIES AND LLOYD'S SYNDICATES

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*One year performance to 1/5/92 of the Whittingdale Gilt Growth Fund, an authorised unit trust, bid-to-bid net of basic rate tax. Since launch on 2/7/89, the Gilt Growth Fund has provided a return of 27.7% offer-to-bid with net income re-invested. Please remember that past performance is not necessarily a guide to future returns and that the price of units and any income derived from them can go down as well as up.

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Mandela demands answer on 'hit squad'

By Michael Holman and Patti Waldmeir in Johannesburg

MR Nelson Mandela, president of the African National Congress (ANC), yesterday called on the government to answer allegations that a South African security agency was involved in the assassination in 1985 of a prominent anti-apartheid leader.

In the latest, and potentially most serious allegation about the existence of a government-directed hit squad, a Johannesburg newspaper yesterday linked the army intelligence chief with one of South Africa's most notorious political killings. It published what it claimed was an authentic document proposing the killing of Mr Matthew Goniwe and two other anti-apartheid leaders, dated June 7, 1985.

The shot and mutilated bodies of Mr Goniwe and four colleagues, including the two named in the army intelligence document, purportedly sent to the State Security Council, (the highest state security body) were discovered two weeks later. The document is allegedly signed by Brigadier (now General) C.P. van der Westhuizen, now South Africa's military intelligence chief of staff.

The government of President P.W. de Klerk, who took office in September 1989, has been able to distance itself from allegations of political assassinations during the tenure of former president P.W. Botha.

If the newspaper can prove its claims, government will have to explain the current role of Gen van der Westhuizen. It would reinforce allegations that the government runs a "dirty tactics" department, "pro-sectarian" "third force" within the security services.

Government spokesmen said yesterday the authenticity of the document would be investigated but denied state complicity in the deaths.

An inquiry into corruption in the administration of black townships has found that millions of rands disappeared through theft, corruption and maladministration.

Mr Hurd said the agreement that will be reached by the end of the year will be a landmark in the history of the EC. He said the agreement would be a landmark in the history of the EC.

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Security forces block protest by tens of thousands demanding removal of prime minister

Thai march on king's palace halted

By Peter Ungphakorn in Bangkok

TENS of thousands of demonstrators in Bangkok were blocked by security forces last night after the former governor of Bangkok, Major-General Chamlong Srimuang, led a march to the king's palace demanding the removal of premier Suchinda Kraprayoon.

Most protesters, estimated at over 100,000 and probably the largest political demonstration in Thailand for 30 years, remained seated in the huge plaza where a round-the-clock rally is being held.

When police and soldiers blocked his route, Gen Chamlong, who has been on hunger strike since Monday, was reported to have turned his back on the crowd in an attempt to persuade the rest of the demonstrators to join him.

He is said to be weak and has given himself only a few more days to live. His decision to join the fast on Monday and

to lead the march on the palace seemed to be designed to keep up pressure on the government and to bring the month-long crisis to a head.

Protest organisers were split, with some complaining bitterly about the former governor's unilateral action. An umbrella group of academics and human rights activists reportedly announced they were leaving the demonstration.

Earlier, the atmosphere at the rally was more relaxed and confident. Huge numbers have gathered to protest against the appointment to the premiership of the former army chief and architect of last year's coup, General Suchinda Kraprayoon.

During the day there had been speculation that Gen Suchinda, who was appointed prime minister without standing in last month's election, might resign.

The rumours contributed to a 20-point rally on the stock market. But when he appeared on television in



Protesters gather in a Bangkok park early yesterday for a fifth day of demonstrations

the evening he defended his decision to accept the premiership on the grounds that a neutral leader was needed to hold together the five-party government coalition.

Gen Suchinda argued that it was "universal" democratic

practice for the prime minister to be a person supported by a majority in parliament. He said that to resign because of opposition outside parliament would set a dangerous precedent that would lead to instability.

The prime minister pledged that the military and police would not use violence to suppress the demonstration unless infiltrators caused sabotage and violence. He said he had been told the situation was becoming dangerous because

the protest had been infiltrated by unidentified groups.

Protesters say last year's coup was part of a plan to install the dominant group of officers in full political and military control. They say the election was manipulated.

Japan fears trend to protectionism

By Robert Thomson in Tokyo

THE Japanese government warned yesterday that the collapse of the communist bloc could lead to increased protectionism, as a sense of common purpose among western countries which encouraged the trend toward freer trade had now eroded.

In an annual white paper on international trade, the government said the disappearance of this shared political purpose could encourage countries to "pursue their own short-term domestic interests at the expense of the world's general benefit".

The paper also called for continuing trade reforms within Japan, which has just reported a record surplus of \$13.8bn on

its trade account for fiscal 1991, and is facing increasing pressure from Washington to open markets and make business practices more transparent.

In language similar to that used by US trade negotiators, the report said that increased opportunities for foreign suppliers in the Japanese market "will benefit not only foreign corporations, but Japanese consumers as well".

The report noted that in 1991, when Japanese economic growth slowed, the value of imports rose by only 0.8 per cent, the smallest increase since 1986. It said the causes were the collapse of the financial "bubble", leading to a fall in luxury imports and slower capital spending by Japanese companies.

However, Japan's exports rose by 5.5 per cent, and the paper said that about half the increase was due to expanded trade with south-east Asian countries and the other newly-industrialised economies of Asia. As for trade with the European Community, Japan recommended that EC companies should "boost competitive power" in manufacturing industry.

"EC corporations have to make the most of their sales and product-development strength, and construct close co-operative ties with non-EC corporations possessing high technology - this can be done by providing intermediate goods and taking part in product development," it said.

The paper, prepared by the

Ministry of International Trade and Industry (Mitl) and approved yesterday by the cabinet, conceded that the "enhancement of industrial efficiency has not proportionally enhanced the Japanese standard of living" and that infrastructure must be improved.

"We should utilise the surplus supply capacity and savings to build a social infrastructure instead of exporting our products and financing other countries' investments," it recommended.

"These efforts to emphasise Japanese demand rather than supply will help to reduce the Japanese macro-economic imbalance, to mitigate trade friction, and to encourage the world economy to grow."

The paper, prepared by the

Daihatsu to launch Malaysian car venture

DAIHATSU is to help launch Malaysia's second national car project, Reuters reports from Kuala Lumpur.

Daihatsu, which is partly owned by Toyota, was asked by Malaysian prime minister, Dr Mahathir Mohamad, last year to help build a car of below 1,000cc and costing not more than 20,000 ringgit (\$4,400).

Malaysia's first national car, the Proton Saga with engine capacity of 1,300 and 1,500 cc, was launched in 1985 in a joint venture between the government and Mitsubishi. Its cost has shot up from around 18,000 ringgit to between 35,000 and 40,000 ringgit.

Proton produces about

100,000 vehicles a year, with 15,000 exported.

Dr Mahathir said the second car project will be a venture between Daihatsu and the private sector but the government would offer the same incentives it gave to Proton.

These would include exemption from import duty of components from Japan.

Daihatsu's local partners are to be UMW Holdings, which assembles Toyota cars in Malaysia, state-owned investment agency Permodalan Nasional which has a controlling stake in UMW, and the local Daihatsu distributor.

The car will be based on Daihatsu's K-car (mini-car).

Hong Kong bridge decision queried

HONG KONG'S government is being urged to allow Hyundai of Korea to press its case to build the Tsing Ma bridge. Hyundai's tender was rejected in favour of a higher bid by a British-led consortium, writes Simon Davies in Hong Kong.

Hong Kong's chief secretary Sir David Ford is seeking legal advice on the request by the United Democrats that Hyundai be allowed to address the Legislative Council, which is due to approve the HK\$7.14bn (\$917m) contract next week.

Hyundai was disqualified because of a short-fall on capital requirements, but the company claimed yesterday it could meet these.

US ordered to compensate Iran

An international tribunal has ordered the US to compensate Tehran for property frozen in the US since 1979. AP reports from The Hague.

A compensation figure is still to be adjudicated by the tribunal, set up in 1981 under the Algiers Accords.

Some of the property has been in limbo since Washington imposed an embargo against Iran in response to the seizure of the American Embassy in Tehran. Officials in Washington said yesterday they would consider the tribunal's ruling enforceable.

Rafsanjani landslide

Iran's run-off parliamentary elections yesterday were expected to bring a landslide for a right-centre alliance backing President Akbar Hashemi Rafsanjani's market reforms and moderate foreign policy. Reuters reports from Tehran.

Banda faces crisis

At least thirty-seven people were killed this week in Malawi's worst civil unrest. Reuters reports from Johannesburg. There have been four days of strikes, presenting President Hastings Banda with the worst crisis of his 28-year rule.

Delors move to set up supranational executive in Brussels fails to win support

Hurd stresses caution on EC

By Ivor Owen, Parliamentary Correspondent

BRITISH determination to resist premature moves to confer more authority on the institutions of the European Community was underlined in the Commons yesterday by Mr Douglas Hurd, foreign secretary.

In a dismissive reference to reports that Mr Jacques Delors, president of the European Commission, had already drawn up proposals for a supranational executive in Brussels, he said they had not been made known to the British government or considered by the commission itself.

Mr Hurd, speaking in the resumed debate on the Queen's speech, said there was no case for changing the timetable

agreed at the Maastricht summit, which provided for further discussions about the community's institutions in 1996.

He said smooth progress towards EC enlargement followed the entry of Austria, Sweden and Finland should be a priority for Britain's presidency of the EC, starting on July 1.

Mr Hurd hoped Britain's presidency would prepare the way for negotiations to be concluded with these three members of Efta in 1993 so that, after the necessary ratification procedures in 1994, they could become EC members in 1995.

He acknowledged that their arrival would require changes in the number of commissioners, the voting rights of the council of ministers, and membership of the European parliament.

Mr Hurd insisted: "I can see no advantage whatever in having a sort of permanent negotiation on the institutions of the community".

He envisaged that by 1996 consideration would be given to a second wave of new entrants to the EC, possibly including Czechoslovakia, Hungary and Poland.

The foreign secretary said the EC had enough on its plate without arguing about its institutions. He urged it to concentrate on solving pressing financial and trading problems and completing the single market.

Mr Hurd also called on Libya's Colonel Muammar Gaddafi to draw a "clear, certain, permanent line under the history of his support for terrorism". If the two Libyan officials named in the warrants

issued in connection with the Pan Am aircraft destroyed over Lockerbie were handed over to the Scottish or US authorities the position would be "transformed".

Mr Hurd gave an assurance that they would not be subject to any interrogation while awaiting trial in Scotland, and confirmed that they would have the right to remain silent throughout the proceedings, as well as being under the protection of the courts at all times.

Mr Gerald Kaufman, shadow foreign secretary, again pressed for more aid to be provided for the republics of the former Soviet Union. He warned of the risk of turmoil in the republics worse than that now occurring in the former Yugoslav republics.

NEWS: UK

National Grid plans phone network

By Juliet Sychrava and Hugo Dixon

THE National Grid Company plans to use the electricity network of England and Wales to supply large companies with an alternative telephone network.

The company, which owns and operates the electricity grid in England and Wales, said yesterday it would set up a subsidiary called Telecom Electric to develop this business.

National Grid is the latest company to apply for a telecommunications licence, following the government's decision last year to open up the market to competition. Until then BT, the UK's largest telecommunications group, and Mercury Communications, its smaller rival, had exclusive rights to provide basic telephone services.

Telecom Electric would lay telecommunication cables along its existing electricity wires, but does not have any plans to supply domestic consumers.

"We are only looking at a particular sector of the market," National Grid stressed. "We would supply major organisations that already have their own networks, for example between their different sites."

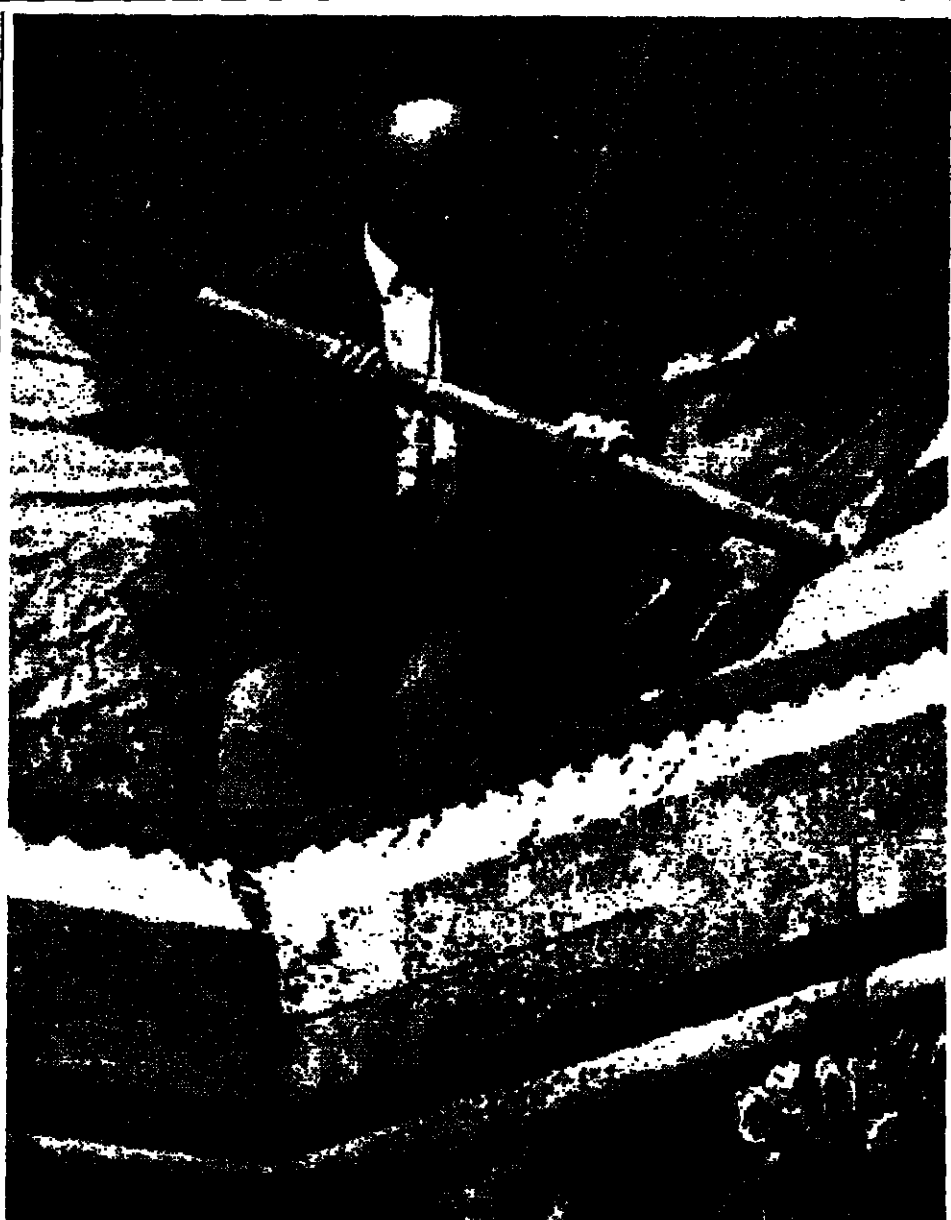
The company said the project was quite distinct from its earlier plans, in conjunction with the regional electricity companies of England and Wales, to invest about £400m in a complete telecommunications network.

"That was a year ago. This is much smaller," the company said.

Last month the two Scottish electricity companies became the first in the sector to apply for telecommunications licences.

Earlier this month Yorkshire Electric took a minority stake in Ionica, a private group which has been awarded a licence to provide a telecommunications service using radio links.

Two other utilities, British Rail and British Waterways, have also applied for licences.



Roof-top protest: Michael Midwinter climbed on to the roof of the Royal Courts of Justice yesterday and hurled slates at judges' cars. Mr Midwinter gave no reason for his action, but it is believed he is involved in a wardship battle over his children

Settlement agreed on swaps

By Raymond Hughes, Law Courts Correspondent

CHEMICAL BANK confirmed yesterday that it had settled its £2.9m claim against the London Borough of Hammersmith and Fulham, part of the interest-rate swaps litigation. The terms were not disclosed.

Solicitors Linklaters and Paines, for the bank, said it would proceed with its claims against other councils arising from the Lords' ruling in January last year that swaps deals entered into by local authorities

were void as they were outside their legal powers.

Three of Chemical Bank's claims - against the London Borough of Richmond, Welwyn Hatfield council in Hertfordshire and Sandwell council in the West Midlands - involve similar facts to those in its case against Hammersmith and Fulham. Chemical Bank's claim against Hammersmith and Fulham was the fifth of the six lead cases in the swaps litigation - selected in the hope of obtaining guidelines from the court - to be settled out of court.

The hearing of the sixth case, NationsBank of North Carolina against Hammersmith and Fulham, started in the High Court on Thursday and will continue on Tuesday.

Yesterday, after hearing an application by Morgan Grenfell, the merchant bank, for its claims against Welwyn Hatfield and South Tyneside council to be made lead actions, Mr Justice Hirst said any parties wishing their cases to become lead actions could apply to the court on June 8.

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NEWS: UK

■ Ashdown wants opposition forums ■ Tories make record gains ■ Turnout higher than first thought

'One-party' Conservatives emerge as clear winners

claims draw Labour fire

By Ralph Atkins

LABOUR moved yesterday to quell suggestions that its poor performance in Thursday's local elections had ushered in a period of one-party politics, as the Conservatives achieved their best council result for 15 years.

Mr Paddy Ashdown, Liberal Democrat leader, will today try to capitalise on Labour's gloom by arguing that its leaders can no longer claim to speak for all non-Conservatives.

He will propose setting up wide-ranging policy forums, which would include Labour representatives, to develop an anti-Tory political agenda.

As the final results were announced Mr Jack Cunningham, Labour's campaigns co-ordinator, conceded that the loss of more than 360 seats was disappointing. He said, however, that Labour remained "overwhelmingly the dominant party of local government" with about 9,100 councillors compared with about 8,400 for the Tories.

In spite of a Conservative party estimate that the turnout was a "perfectly respectable" 43 per cent, Mr Cunningham said the lower number of voters in Labour strongholds meant "it is misplaced to read any long-term trends or conclusions" from the results. "What happened on April 9 was something altogether on a very different scale," he said.

Mr Bryan Gould, Labour's environment spokesman and candidate for party leader, told reporters that it was "premature and fairly ridiculous to begin a discussion on whether we have now entered a one-party state."

Mr Gould dismissed a pact with the Liberal Democrats but said he favoured "building common ground" with other parties to prove the Tories

were in a minority on many issues. Later he set equality of women and a less "macho" image for politics as a central theme of his leadership bid.

The Conservative party will announce this weekend the replacement of Mr Chris Patten as party chairman by Sir Norman Fowler, the former employment secretary who acted as minder to Mr John Major during the election.

Mr Patten described the local election results as "spectacular". He said: "They are the best results for the Conservative party for 15 years and the best results for any governing party."

They again showed only the Conservatives could be trusted to provide high-quality services at the best price. His ebullience was recognised by Mr Ashdown, who acknowledged Liberal Democrats had been wrong to expect guilt-stricken Tory voters at the general election to switch support for the local elections.

Mr Ashdown said, however, that the Liberal Democrats had been able to make "steady progress" even in the face of rising Conservative support.

He said the Liberal Democrat share of the vote was about 19 per cent, 3 percentage points higher than in 1988. Labour claimed about 32 per cent compared with about 45 per cent for the Tories.

Mr Ashdown's speech today will stop well short of calling for election pacts, which would have little support in his party, but will suggest policy forums drawing members from a range of organisations and starting initially on electoral reform.

He wants to spark debate on the realignment of the opposition parties - but is unlikely to receive much attention from Labour leadership candidates who want to lead any moves towards mechanisms for building anti-Tory alliances.

By David Butler

IN NATIONAL terms the Conservatives were plainly the winners in Thursday's vote - and winners on a scale that has eluded them in every set of local elections since the late 1970s. They took a record share of the vote and made a record number of gains. The results indicated a nationwide swing to the Tories of more than 4 per cent.

Labour lost seats and votes on Thursday and should not blame the outcome on their election-weary supporters. The turnout does not appear to have declined as much as early reports suggested.

However, Labour still controls many councils in safe Conservative seats. The Conservatives have a clear majority in only 28 of the 307 authorities that went to the polls, while Labour controls 88 councils.

The Liberal Democrats control eight districts and 88 councils are hung, an increase of nine. In most of those power is shared between Labour and the Liberal Democrats.

Granted that only a third of the seats

were at stake in any council, however, the Conservatives fared well in many areas. They won a majority of the seats fought in Birmingham, Bradford, Brighton and Bristol, as well as in Derby, Gloucester, Portsmouth, Stoke-on-Trent, Walsall and Wolverhampton.

The Liberal Democrats held all of their strongholds and gained a scattering of seats compared with 1988, when this year's crop were last contested.

But in 1988 the centre parties were descending into their post-Owen abyss. This year they plainly hoped for better things, and their disappointment is that they did not benefit from the expected return to the fold of those supporters who a month ago deserted them lest Paddy Ashdown proved the Trojan horse for a Labour government.

The normal by-election swing against the government, so often manifest in the annual local contests, was missing. Since April 9, of course, the Liberal Democrats have had no publicity while Labour's headlines have plainly been counter-productive. The government has basked in the afterglow of its unexpected victory, and this week its popularity

was reinforced by buoyant economic forecasts and a cut in base rates of half a percentage point to 10 per cent. There was no strong regional pattern to the results, although Labour's worst results seem to have been in the Midlands. Nottingham and Leicester, where they polled exceptionally well last month, were not voting.

Scotland had been expected to produce the most interesting results but in the event provided little excitement. Labour advanced in Aberdeen but fell back in Edinburgh and lost four seats in Glasgow.

The SNP gained 30 seats in all but failed to add to the one council they control or to attain significant bridgeheads. The Conservatives remain very much a minority party north of the border but, as in the general election, a small movement has increased their authority to resist the pressures for radical constitutional change. For the rest of Britain, it is hard to read any great and lasting expression of national will into these votes.

The author is a fellow of Nuffield College, Oxford.

NET SEAT GAINS/LOSSES

Conservative	+308
Labour	-365
Lib Democrat	+61
Green	-2
SNP	+30
Plaid Cymru	+3
Independent	-33

CHANGES IN CONTROL

C GAINS: Basildon (NOC), Perth (NOC), Stratford-upon-Avon (NOC), Woking (NOC), Dudley (Lab), Kyle & Carrick (Lab), Welwyn Hatfield (Lab)

LAB GAINS: Aberdeen (NOC), Cumbernauld (NOC)

LID DEM GAINS: Annandale (NOC)

LAB LOSSES TO NOC: Bury, Calderdale, Cambridge, Clydesdale, Edinburgh, Falkirk, Kilmarnock, Milton Keynes, Rochdale, Walsall, Wirral, Wolverhampton, Wyre Forest

C LOSS TO NOC: Bearsden (C)

*NOC = no overall control

Councillors face a shrinking town hall

Alison Smith on how the role of local politicians is likely to change during the next four years

LOCAL councillors elected this week are likely to find their job descriptions have altered dramatically by the time they ask the voters to renew their contracts in four years' time.

Councillors who now see themselves as full-time providers may by then have become part-time enablers.

Labour's local election campaign was marked by doomsday warnings about the downgrading of local authorities under threat from central government. The move away from the council as centre of the local universe, as envisaged by the Tories, was summed up by one Conservative who said: "The days of Councillor Spengler House or Councillor Boggins Way are over."

The parties are united, however, in emphasising the continuing importance of local government. Both Mr John Redwood, the local government minister, and Mr Bryan Gould, the shadow environment secretary, describe councils as a vital element in the

UK's plural democracy. Officials at the environment department believe that the present ministerial team has a less minimalist view of the constitutional role of local councils than did Mr Michael Heseltine, the former environment secretary.

This belief in councils' constitutional role may be little comfort to councillors conscious that both the main parties have seen a declining variety of candidates as one of the main pressures for change.

If Labour had been in power this point would have been addressed by giving authorities a wider role and by making some posts salaried. Mr Gould said: "I believe that being a councillor should be a full-time occupation for some people, not a hobby people indulge in during the evenings."

Under the present government the response is to try

to cut down the commitment.

The role of local authorities will continue to be reduced as more schools become grant-maintained - though councils will be taking on responsibility for community care - as they work within an ever-tightening central government regime which caps local spending, and as their automatic provision of services comes under further challenge.

In spite of these trends Mr Redwood can still point to the discretion councils have in the provision of some services and can highlight how planning decisions give them "enormous power over the private-sector life of this country."

His argument that detailed government intervention in the delivery of some local services through setting procedures for compulsory competitive tendering (CCT) merely

amounts to "suggesting ways in which things could be better managed" is, however, likely to be greeted with a hollow laugh in town halls.

This is particularly so as government intervention through CCT is to be extended, with introduction into housing management a priority.

Sir George Young, the housing minister, speaks of councils developing a more challenging and important role once they hand over the management of their housing stock. Mr Redwood believes that the council's role as a provider of services can inhibit its ability to take decisions, but will not prescribe a separation of functions as a solution.

He said: "If a council is a very dominant provider, it may be very protective about other people coming in to provide a slightly different style of service in a chosen area. It may well be with certain

kinds of care provided in the community that if the authority sees its prime task as enabling the care to be provided and standing up for those who are going to enjoy the care, that they become even tougher on standards - which would be a good thing. But I don't want to overdo it... All I ask is that they get good value for money and think about these issues."

Alongside a strengthened role as enablers over the next four years, councillors may find themselves giving more prominence to debating policy and may also develop a role in scrutinising council efficiency, as the cross-party House of Commons public accounts committee does for government departments.

As ministers have found with local government before, however, a change in the job description is more immediately accomplished than a widespread change in those filling the posts, especially as it is the voters rather than the government that make the appointments.

Tories to oppose school opt-outs

By Andrew Adams

WANDSWORTH council, the Conservatives' flagship borough in south-west London, looks set to resist attempts by its remaining comprehensive schools to opt out of its control to avoid the re-introduction of selection.

Mr Edward Lister, chairman of Wandsworth's education committee, said he was "strenuously opposed" to the borough's secondary schools opting out as a way of remaining unreformed comprehensives. Although this was a personal view, he said he was "confident" it would be the borough's response to any opt-out applications.

Applications by schools for grant-maintained status do not require local authority consent, but if applications were opposed by Wandsworth they would be embarrassing test cases of the government's commitment to opting-out.

Education ministers have repeatedly claimed that opting-out is intended to foster freedom and responsibility for school governors, irrespective of arguments for and against selection.

Apart from two church schools, only four comprehensives remain under Wandsworth's direct control, one of which is to become a selective city technology college. Three other comprehensives have already opted out with the borough's blessing.

Mr Lister, who is favourite to succeed Sir Paul Beresford as leader of the council, is determined that the council's three remaining comprehensives adopt subject or vocational specialisms along with tests and interviews to select pupils for entry. A consultation paper is about to be issued.

Mr Lister said: "We must oppose those three schools opting-out of council control. It would not improve choice. But if those schools become selective and provide choice and variety then I will happily support grant-maintained status thereafter."

I, the Sunday Times's Style Guide

says the Pelikan's Not, whereas that other itzy pen with a snowy cap's Not. My dear, what have we been telling you since January when, our Saturday Crossword prize has been a Pelikan pen? To be first is the know on what's in and what's out, you need to read a journal with real fashion clout. In fact, the writing on the wall is increasingly clear: you're not Not unless you've got the Newspaper of the Year.

PS: This season's hottest colour, for both sexes, is pink.

This classic Pelikan fountain pen is the prize for the 1st correct solution in the Financial Times Crossword every Saturday.

Weekend FT



Clean sweep: Jonathon Harris mops seats at Wembley Stadium in preparation for today's FA Cup Final match

Cup fever paints city red

By Chris Tighe

THE GRASS on the bank around the Nissan factory's test track says it all. "Sunderland. Simply the Best," it proclaims in red and white paint. Throughout the city the municipal gardeners have been planting red and white flowers in honour of its football team's appearance in today's FA Cup Final.

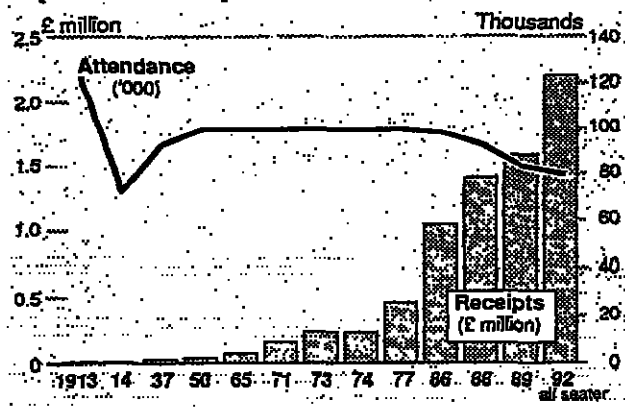
On the route the team will follow tomorrow on their triumphal return - win or lose - the lampposts are decked

with red and white pompoms and bunting, willingly paid for by local companies.

To an outsider all this may seem excessive. But for Sunderland, reaching the final is the crowning achievement of a run of morale-boosting triumphs. Earlier this year it achieved city status and this week its polytechnic became a university.

Today Nissan is scrapping its regular Saturday morning overtime, and those shops staying open expect hardly a customer.

Up for the cup



Dewhurst to shed up to 1,500 jobs

By Gary Mead, Marketing Correspondent

DEWHURST, which runs the UK's biggest chain of butchers shops, confirmed yesterday that it is to close up to 800 of its 1,006 high-street outlets over the next 18 months, with the loss of up to 1,500 jobs.

Dewhurst is a subsidiary of Union International, which handles the food businesses of the privately owned Vestey empire.

The Vestey group was recently forced to make sub-

stantial provisions on its property portfolio, and some observers regard the decision to slim the Dewhurst chain as partly a response to that. Union International and Vestey declined to comment yesterday.

Mr Mike Carter, marketing manager of Dewhurst, said the company planned to sell some of the shops as going concerns and that others would be taken over by current managers. Mr Carter was unable to put a market value on the sale. He added that Dewhurst would

review the situation during the next 18 months and, should business pick up, the company might dispose of fewer than the planned 800 units. The company has no plans to introduce franchise arrangements for the shops involved, and Dewhurst does not intend to close en bloc in any particular region or area of the UK.

Dewhurst has been hit by factors including the spread of Sunday trading, the growing strength of large supermarket chains and the recession. According to Verdict, a retail

research company, the large grocery chains now account for more than half of all carcass meat and 92 per cent of all bacon, ham, poultry and meat products sold in the UK. Mr Carter denied that a growing tendency towards vegetarianism had dented Dewhurst's market.

The latest government statistics indicate that the number of registered butchers fell by 640 to 13,641 in the year ending April 1991. Thirty years ago Britain had more than 33,000 high-street butchers.

Civil engineers optimistic on outlook

CIVIL engineering companies are more optimistic about work prospects than at any time during the past two years, according to a survey conducted after last month's election, Andrew Taylor writes.

According to the Federation of Civil Engineering, which surveyed more than 150 construction companies, more are predicting a rise in orders over the next 12 months than are expecting a fall. This is the first time there has been more optimism than pessimism about orders since April 1990, the federation said. But it warned that companies still expected to cut jobs over the next 12 months.

Swan Hunter pay offer is rejected

HOURLY paid workers at Swan Hunter, the Tyneside shipbuilders, yesterday rejected a two-year pay deal in spite of a recommendation from their shop stewards to accept. The offer consists of three lump-sum payments this year totalling £275, and an inflation-linked pay rise with a 4.5 per cent ceiling in April next year. Talks are expected to be held next week between the management, which has described the offer as final, and union representatives.

ICI unions meet

UNIONS representing the UK employees of Imperial Chemical Industries' fibres business met yesterday in London to discuss their growing concern over ICI's policy of divestment. Union concern was heightened by last month's announcement that ICI is to swap its European fibres operations for the acrylics businesses of Du Pont, the US chemicals group. Du Pont, which is to take on ICI fibres employees as part of the deal, is also paying ICI £250m.

Welsh site chosen

ORIGINAL Bradford Soap Works, the US soap company, has chosen a site in Wales for its first European manufacturing site. About 65 jobs will be created and the £2.7m project near Chester is backed by a Welsh Office grant.

BCCI auditor scorns allegation of fraud

By Andrew Jack

PRICE WATERHOUSE, auditors to the collapsed Bank of Credit and Commerce International, yesterday dismissed as "outrageous" an accusation of fraud made on behalf of two Omani depositors with the bank.

Zaiwalla & Co, a London-based firm of solicitors representing the depositors, is applying to the High Court for leave to amend its statement of claim alleging negligence so that it also includes deceit in relation to the Price Waterhouse auditing of the BCCI accounts.

But Price Waterhouse said last night: "These charges are absolutely outrageous and have no grounds at all. We have never been fraudulent. If this ever comes to trial we have no doubt we can defend ourselves."

The request is due to be considered before a High Court judge on June 2 at the same time as Price Waterhouse argues that the entire action should be dismissed.

It is brought on behalf of Mohammed Khasruzzaman and Rabha Khasruzzaman, who say

they deposited \$800,000 in BCCI in London after relying on the 1989 audited accounts of BCCI Holdings (Luxembourg).

The news comes a week after Judge Consuelo Marshall in the central district of California court dismissed a class-action suit filed by US and other BCCI depositors against 77 defendants including Price Waterhouse.

Mr Graham Stacy, the Price Waterhouse partner co-ordinating the firm's BCCI team, said: "We are grateful to the US court that we can draw breath. This is a fair result."

However, Mr Bill Lerach, lead counsel to the plaintiffs and partner with law firm Milberg Weiss, said yesterday he would be acting early next week to "vacate" the judge's opinion.

If that action fails, the plaintiffs will appeal to the ninth circuit court of appeals in San Francisco. That could take up to 18 months, years, but they will request a rapid hearing.

There are three other outstanding legal actions on BCCI. Touche Ross, liquidators to BCCI, has served writs against Price Waterhouse and Ernst & Young as far back as 1986.

CPSA recommends 4.75% pay offer

By Catherine Milton, Labour Staff

MORE than 11,000 Civil Service clerks will receive rises totalling about 11 per cent if they follow the CPSA union's recommendation to accept the government's shake-up of Whitehall pay.

The basic offer, worth 4.75 per cent on the pay bill for 175,000 staff, means that for the first time civil servants will not receive automatic annual rises related to long service. Rises above the cost of living will depend on performance.

Under existing Civil Service pay rules the settlement must be at least 4.5 per cent this year. The offer means all clerks will receive a 4.25 per cent cost-of-living award from April 1 this year. About 6,000 staff on the main clerical grade would get 5.45 per cent.

The offer also extends the scope for government departments and agencies to opt out

of centralised pay bargaining. It lays down a procedure for pay and grading to opted-out departments and agencies. Under the procedure unions must be consulted at national level.

The moderate CPSA union, which represents junior civil servants, is recommending members accept the offer. A militant-supporting group within the union will urge members to reject the deal.

Last week leaders of the NUCPS union, which represents middle-ranking civil servants, said it would recommend members reject a similar offer worth 4.5 per cent.

The Union of Communication Workers is recommending 12,500 Post Office counter and clerical staff accept an offer from management of a 4.25 per cent increase in basic pay backdated to April 1. The offer is worth a net 4 per cent because some allowances are not being increased this year.

By Andrew Adonis

WANDSWORTH council, by "conservatives" flagging for a vote in south-west London, have set to resist attempts to reintroduce comprehensive schools, to opt out of its zone to avoid the re-introduction of selection.

Mr Edward Lister, chairman of Wandsworth's education committee, said he was "unusually opposed" to the council's "secondary schools being set out as a way of reintroducing comprehensive schools." Although this was a "perverse" view, he said he was "adamant" it would be the council's response to any such applications.

Apprentices

Applications by school for grant maintained status do require local authority consent but if applications come opposed by Wandsworth it would be embarrassing for the government to insist on the government's right to opt-out.

Education ministers have repeatedly claimed that opt-out is intended to foster self-reliance and responsibility in school governors, irrespective of arguments for and against.

Apart from two children, only four computers remain under Vassworth's direct control, one of which is to become a senior city technology college. The other comprehensive is already opted out with the borough's blessing.

Mr Lister, who is favoured by Sir Paul Beresford, leader of the council, is determined that the council's remaining comprehensive subject or vocational specialisms along with regional interviews to select pupils for entry. A consultation paper is about to be issued.

Mr. Lister said: "We are opposed to those three schools being out of council control. We would not improve choice if those schools become private and provide choice elsewhere then I will happily not grant maintained status thereafter."

He requested \$800,000 in
in London after relying on
the audited accounts of H
Holdings (Luxembourg).

The news comes a week after Judge Consuelo Marshall, U.S. District Court for the District of Columbia, dismissed a depositions suit filed by 62 American WWII depositors against the U.S. government, including the War Relocation Authority.

Mr. Graham Stacy, the lead architect-partner coordinator of the firm's IBCI team, says, "We are grateful to the [city] that we can draw here."

However, Mr. Bill Lee, legal counsel to the police, said a partner with law firm Anthony Weiss said he would be acting only as a "vacate" the job.

If that action fails, the government will appeal to the second court of appeals in Copenhagen. That could take six to 12 months, years, but it would require a rapid hearing. There are three other courts for such actions on the

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The candidate CPUSA member represents junior high school and is recommended to accept the offer of membership supporting the union and the workers to reach the goal of 100% membership.

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if it's not too much
trouble, there's just one
more we'd like to
bring back. Go Italy!



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Saturday May 9 1992

Chill winds in bi-polar west

HISTORY, far from being over, remains an instructive, though potentially misleading guide to the future, be it of nations, politicians, or stocks and shares. Last week's riots in Los Angeles, a product of America's past, suggest the US version of liberal capitalism possesses serious flaws; while Germany's unexpected descent into division indicates the difficulty of creating a new nation after the unexpected unification. But such history-making events will also determine more mundane futures: the careers of politicians, such as Mr Bush and Mr Kohl, and the returns for small investors.

Whether or not the US and Germany eventually converge on the same capitalist model, the short-term economic prospects for the west's two largest countries look very different. In the US, it now seems that a sustainable economic recovery is under way; with the nation nervous and the election coming, the Federal Reserve will do everything it can to ensure there is no triple-dip. But Germany looks to be edging nearer to recession. This would spell danger for politicians and investors across Europe, since the Bundesbank and the government, whether by omission or commission, now determine short-term prospects across the continent.

Wall Street certainly believes the US recovery is under way. The market's price-earnings ratio remains high by historical standards; and in real terms the market is fast approaching its peak last reached before the 1987 crash. Yesterday's news provide grounds for optimism: non-farm employment rose by twice as much as expected, and the unemployment rate fell to 7.2 per cent.

Yet suspicion remains that Wall Street is running ahead of itself. This modest improvement in hiring prospects, and other indicators in the manufacturing, retailing and housing sectors, suggest only a modest recovery, by past standards. That the US stock market faltered yesterday, once the employment data signalled that another interest rate cut was unlikely, suggests that low returns on cash, rather than expectations of a profits surge, are supporting equities.

Higher inflation

Neither low US interest rates, nor the current US bull market, will last forever. The recent rise in bond yields suggests more cautious investors are already nervous about inflation. The US remains, as always, a country for which growth now is more important than the risk of higher inflation later.

Yet historical valuations, while relevant for the US, are more dangerous when applied to the UK equity market. Britain, too, has

tended to be a growth-seeking society. But hitching sterling, and therefore the UK inflation rate, to the world's most inflation-wary country - Germany - implies a very different future.

The UK's stock market culture appears unconvinced about the costs of Britain's new regime. The FTSE has risen by 13 per cent since the UK general election, reaching a new nominal high this week. Students of the past suggest the UK market rally has further to go: equity yields are still low compared to bond yields, while, in real terms, share prices are low compared to the peaks of 1989 and 1987.

Pallid recovery

But whence will these expected future profits come? The economic recovery looks, at best, pallid; last week's interest rate cut, while welcome, leaves short-term real interest rates at chokingly high levels; and the ERM leaves little room for further easing.

The European interest rate floor now looks set to remain about 10 per cent into 1993: the Bundesbank's determination to keep its head, while all around are losing theirs, will see to that. The German government's capitulation in the face of a comparatively civilised strike confirms its weakness. The engineering employers are unlikely to be so malleable in the face of similarly high union demands, but IG Metall will test their mettle.

A further German interest rate rise looks as likely as not. It would provide a test of whether Germany has been knocked from pole position within the ERM. If France proves able to hold this week's modest cut, the answer may be yes - temporarily. But recent history does not bode well: the last French bid for leadership ended miserably last autumn. The luxury of wide bands gives the UK a better chance, but three-month interest rates are already discounting a rise in UK rates.

The deeper question, which will certainly not be on the official agenda at this weekend's meeting of EC finance ministers, is whether the ERM, at least in its current hardened form, would survive a rise in German rates. This seems a strange moment for Sweden to be trying to join. Some kind and battle-weary finance minister should take the Sweden aside.

A less rigid ERM would also test whether Mr Major's government does mark a real change in Britain's post-war economic history. If low and stable inflation is to be Britain's future, then an independent and reconstituted Bank of England would be the best signal of his resolve. If not, then search out those historical yield ratios. The UK could yet revert to type.

The sight of rotting garbage piling up in normally immaculate marketplaces, of empty trams, cancelled trains and silent airports, has done more to worry the world about the state of Germany than a barrage of budget deficit statistics.

Throw in the rise of right-wing parties in the polls, the palpable confusion in the heart of the ruling coalition, left-wing riots on the streets of Berlin, and the apparent collapse of government resistance to trade union pressure in the latest public sector strike, and it all adds up to an image of a Germany in serious crisis.

From the inside, it does not look so catastrophic.

To be sure, there is a malaise in the land. In a country which has become used to steadily rising material well-being, there is a gloomy conviction that it cannot go on forever. There is also a dawning awareness of the challenge ahead of uniting a country divided not just ideologically but psychologically for 40 years. But it is not yet a crisis.

Take the public sector strike, 11 days of severe disruption to the life of ordinary citizens, the first such stoppage in 18 years, and the worst in the public sector since the war. It may have caused consternation to the outside world, but ordinary Germans took it in their stride. It was a thorough inconvenience to be without trams and buses, without garbage collection and with erratic mail services. The overwhelming response was to get on with the job as best one could. There were very few incidents of riotous violence. There was a surprising degree of public sympathy for the strikers. Bicycle shops and car hire companies did a roaring trade.

"In such a situation, the Germans have proved far more relaxed than in the old days," says Mr Jochen Thies, editor of Europa Archiv, a foreign policy magazine. "In the 1950s and 1960s it would have been much more traumatic. The fact that we were able to handle a strike of almost two weeks is a sign of being very normal. We were not crying for the state to intervene, as we would have in the past."

As for the 5.4 per cent strike settlement, which comes against a background of doom-laden warnings of rising inflation, bankrupt budgets, and which stands as a red rag to the Bundesbank to hike its interest rates once more, it is all being taken with remarkable equanimity in the finance houses of Frankfurt. "Naturally the deal is too high in terms of what we can afford overall, in the economy and for the public purse," says Mr Jürgen Pfister, head of economic research at Commerzbank. "But look at last year, when it was 7 per cent. It would have been naive to expect that after that we could get it down to 4. Even if 5.4 is too high, it is not so bad in those terms."

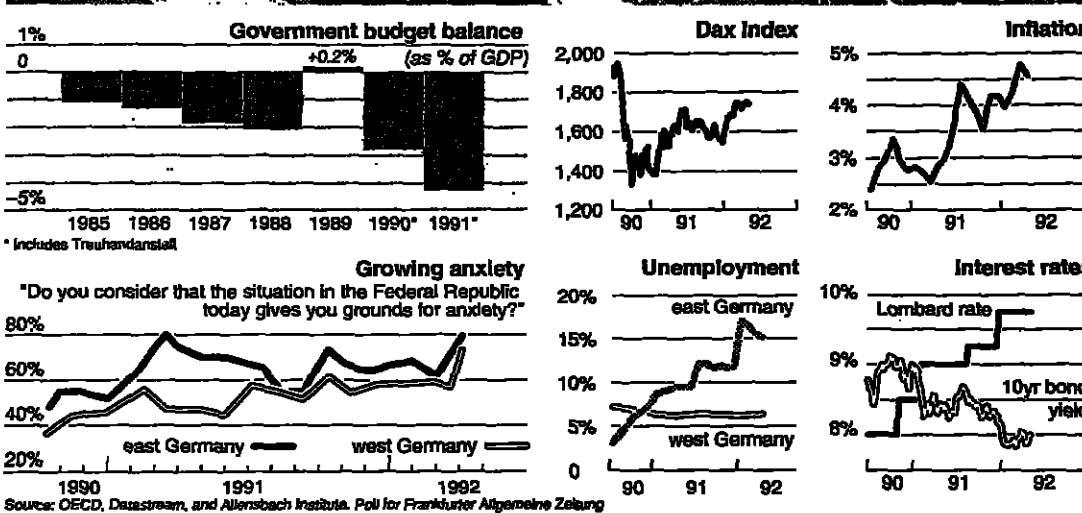
He adds: "The stock market is not bothered. Investors discounted the strike. People are still looking a bit anxiously at the Bundesbank. The commercial banks have put their own rates up and put a squeeze on credit. If it were just a question of prices, wages and the exchange rate, it would be five to one against any interest rate increase. The only negative sign is the money supply."

Last week, Mr Helmut Schlesinger, president of the Bundesbank, sought to discourage the "almost daily debate and discussion of the last and next decision of the central bank; monetary policy is in our view fundamentally a medium and long-term business". He gave no hint of any intention to increase

Tough choices now kitty is bare

The German people are resisting the costs of reunification, writes Quentin Peel

The German malaise



rates but he did warn that, with money supply growth running at an annual rate of 8 per cent in the first quarter, it was "too early for any monetary all-clear signal".

This gives little encouragement to other European governments which are seeking to cut their own interest rates to stimulate growth. The untrifling response in Frankfurt was expressed by Mr Hans-Helmut Kotz at the Deutsche Girozentrale. "The strike was obviously unnecessary," he says. "The end result could have been agreed with less damage. But there is no serious economic damage, and the figure is exactly what we have already written into our spreadsheets: around 5.5 to 6 per cent. It is still a significant slowdown on last year."

And yet there is a mood of growing unease in the country, a fear of economic recession, a disaffection with the political establishment, and a rising protest vote in the polls for the fringe groups like the radical right and the Greens.

Yesterday's poll by the Allensbach opinion research institute revealed that the numbers showing "anxiety" about the state of affairs in the country have risen sharply in the past two months - to 74 per cent in the west, and 80 per cent in

the east. At the time of unification, in October 1990, the comparable figures were below 40 per cent in the west, and below 50 in the east.

As for the main political parties, they are also almost uniformly on the slide: Chancellor Helmut Kohl's Christian Democrats (CDU) and the Bavarian Christian Social Union (CSU) are down from 36.6 to 32.2 per cent. The opposition Social Democrats (SPD) are scarcely better on 33.9 per cent, and the Free Democrats (FDP), junior partner in the coalition, have slipped from 12 to 11.6 per cent.

In contrast, the right-wing Republicans are up from 4.6 to 8.5 per cent, and the Greens from 10.1 to 10.6 per cent. Both would easily win seats in a future parliament.

So what is up? It all comes back to the traumatic process of unification. The euphoria of those days when the Berlin Wall came down has worn off, and only the hangover remains. The trouble was that the German people were persuaded - at least in the west - that they would not have a hangover. They were told by Mr Kohl that it could be done for free. And now they are bitter that they are beginning to

pay a real price in the form of higher taxes, higher prices and lower pay rises.

Reunification requires such financial sacrifice, but also change in ingrained thinking. Old assumptions die hard.

Last week a middle-ranking civil servant gazed morosely at his lunchtime asparagus, and complained about his pay. "If the government is only prepared to pay 4.8 per cent to higher officials, that means I am going to get practically nothing above the rate of inflation," he declared. His unstated assumption was that, whatever the state of the budget or the national economy, he deserved a real pay rise above inflation every year.

The strike tells the same story. The conviction of the trade unions is that only their members - the little people - are paying the cost of unification. They point to the string of record profits recorded last year by almost all the big banks and manufacturers, as they reaped the windfall of new (subsidy-financed) spending in the east.

Chancellor Kohl has simply failed to get it across to the great mass of the population that the kitty is bare. It is partly his fault, because he promised unification could be

accomplished without tax increases. It is partly because nobody seems to want to hear.

Mr Theo Waigel, the finance minister, insists that the central government deficit can be brought down from DM45bn (£15.3bn) this year to DM25bn in 1993. His colleague Mr Jürgen Möllemann, the economics minister, has suggested the deficit could equally rise to DM55bn over the same period.

The public sector strike settlement in itself may not be too disastrous. It will add DM18bn to total public sector spending, including the postal system and railways. The cost to the central government alone will be DM2.3bn. That is close enough to what was allowed for.

What is more serious is what comes next. Industry is next in line for a bruising battle,

with IG Metall, the mighty engineering trade union, IG Bau, the construction workers, and IG Druck, the printers, all calling warning strikes or working to rule in support of their pay claims. The government's 5.4 per cent (or 5.1 per cent if it is averaged over the full 12 months) will almost inevitably become the floor below which no new deal can be done.

The public sector pay deal "ignores the economic realities and the financial constraints on the public purse", the German Industry Federation (BDI) said yesterday. "It is damaging to the whole economy, and can in no way be a yardstick for the coming wage agreements in the industrial sector." That would appear a forlorn hope.

The other concern lies at the heart of government - central government, the states, even the communes. There is a doubt that they have the political will to bring their combined deficits under control.

The truth is that for years Germany has succeeded in buying itself the consensus on which its coalition governments, and its social and industrial harmony, depends.

"We have thrown a lot of money at problems in the last two years alone," says Mr Thomas Kießling, editor of the Rheinische Merkur, a weekly newspaper. "There was the Gulf war, unification, eastern Europe. We now have to choose options and set priorities. That will require a new awakening and this society will have to review its agenda."

That is a tall order to ask of people used to having money left over to throw at problems. They feel threatened by the advent of the need to make choices.

Given that challenge, clear leadership is required. That is where Chancellor Kohl, with his instinctive commitment to the consensual school of coalition government, is under fire. The Allensbach poll shows a leap from 14 per cent to 22 per cent in the last month of those saying government is too weak.

Yet Germans are torn on the issue. Would they have preferred a government which stood up to the unions, and smashed them, like Mrs Margaret Thatcher did in Britain? "No, we had enough of that sort of leadership with Hitler," one senior diplomat said on Thursday after the settlement. "Chancellor Kohl hasn't come out of this too badly."

That view is common enough in Germany, which means the country has probably got the government it deserves and wants: a muddled coalition which does not threaten anyone. It is the mentality revealed by a government negotiator as he emerged from Thursday's pay talks: "We are damned to agreement."

Comrades in the classroom struggle

Andrew Adonis on the two Tories behind Wandsworth's schools revolution

The backstreets of Wandsworth in south-west London are the last place to seek revolutionaries. But in Mr Edward Lister and Mr Donald Naismith, the Tory borough's chairman of education and his chief officer, it has the archetypal subversive duo: passionate in their cause, determined to confound received wisdom, with a blueprint - in both senses - for every ill. Their joint cause is selective education; the cursed creed, comprehensiveism. And the blueprint? Smaller, specialised, state schools selecting their pupils and competing for custom.

The plan is raising a storm in the part-deprived, part-gentrified borough, an ill-fitting amalgam of Battersea, Tooting and Putney. Last week came the latest instalment. Mr Naismith presented a paper to Mr Lister's education committee, acknowledging the opposition of head teachers to the interviewing of prospective pupils and the adoption of criteria (besides where they live) for selection, only to conclude: "The heavy reliance on the concept of equality of opportunity in educational policy should not, perhaps, go unchallenged. It may be argued that too limited an interpretation has traditionally been placed on 'equality' and too narrow a view taken of 'opportunity', and that the reality facing parents and pupils has fallen well short of the ideal the phrase represents."

A page on, in Mr Lister's recommendation, comes the sting. A plan is to be put out to consultation for the introduction of formal selection into the admissions procedure of the three remaining comprehensives under Wandsworth's control. (The borough's eight other state-funded schools - city technology colleges, church and grant-maintained schools - already select by beyond the council's reach. "Matching", not "selection", is the catchword: "to provide schools which offer different value-oriented



Champions of 'choice': Donald Naismith, left, and Edward Lister

education and training to suit the varied needs of pupils... schools must be better matched to pupils."

How they are to be so "matched" is unclear. By ability, parental commitment, or vocation - and if by the first two, what about the failures? "Choice centres" for parents of such children is Mr Lister's response. The extent of the "choice" open to their customers is left to the imagination.

Whatever you think of the ideas, though, you have to admire the duo's gusto. Rough attacks on community comprehensives, the social democratic vision for achieving true equality of opportunity, may still lack respectability. Yet Mr Lister and Mr Naismith have the courage to preach and proselytise what most of the chattering classes just whisper - before, more often than not, packing their offspring off to private schools, a world apart from most pupils and parents at the typical inner-city comp.

Mr Naismith, 54, a career south

London education officer with the prime ministerial ear, is quite open about the end product he envisages. "We want a mixed economy in education," he says. "We have never argued that all schools should be selective, but if the only choice is an area of six neighbouring comprehensive, the local authority is failing in its duty." The product of a "no-nonsense" grammar school in Bradford, Mr Naismith was a 1960s fan of Lord Boyle, the Tory more responsible than any other for the comprehensive experiment. "Nowadays I am sure he would have seen the national curriculum as the best road to opportunity for all."

Standards are Mr Naismith's refrain, and he has the facts at his fingertips. In 1990, when Wandsworth took over its schools from the Inner London Education Authority, four in 10 of the borough's school-age population were educated outside its education system - half of them in the independent sector, half migrating west, many to leafy Rich-

mond. Now it is below three in 10. Of those 16-year-olds attending the borough's schools, the proportion leaving without any - any - GCSE passes was 19.3 per cent in 1989; now it is 12.6 per cent, against an inner-London average of 17.9 per cent and a national average of 7.8 per cent. Comparisons with neighbouring Lambeth are stark. "We have a lot of catching up to do," he adds, "but on such figures we should be judged - and rightly so."

Mr Lister, 42, is tipped to win today's contest for the leadership of Wandsworth council. Like his predecessor, Sir Paul Beresford, he has an eye on higher things - but compromise is not a word worth to fall from his lips, and his prospects may depend on the selective creed finding a place in Majorism.

Mr Lister's political past extends far beyond education. Over the past decade he has chaired most of Wandsworth's leading service committees, and shares Mr Naismith's grasp of figures to justify the borough's "flagship" status. Contracting out - "saved us £26m over five years". Libraries - "two libraries out of nine have closed but the book stock and average issues per head are far higher than Lambeth's". Housing - "17,000 of our 40,000 units sold in the last decade, paying for a capital programme without rival in London".

Underlying it is a firm commitment to local government. Tendering and opting-out will not, pace Nicholas Ridley, result in Wandsworth council meeting just once a year to hand out contracts. "It will give us time for our real job: monitoring standards, encouraging diversity and, yes, picking up the pieces when things go wrong."

"The brighter borough" is Wandsworth's slogan. "Things are brighter," says Mr Lister in earnest. Should he become captain of the flagship today, he will doubtless place a spotlight on a larger agenda for reform.

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The UK pensions industry accepts the need for change - with reservations, says Norma Cohen

Reforms that err on the safe side

The ghost of Robert Maxwell looms large over the UK pensions industry. At the annual conference of the industry's trade association in Glasgow last week, its members spoke frequently of the shockwaves caused by the disappearance of more than \$400m from pension funds he controlled. They are steering themselves for a radical overhaul of pension laws now seen as inevitable.

Some members of the National Association of Pension Funds believe that change is desirable. "There is a general recognition that reform is inevitable," said Mr Brian McMahon, Maf chairman and group benefits director at B&I, the industrial conglomerate. But among many delegates the desire for reform is more cosmetic than real. While Maf leaders are calling for the industry to co-operate in drafting new laws, scheme administrators are hoping that existing laws can merely be adjusted. They are seeking a new structure, which will reassure employees of the safety of their pensions while doing little to change the day-to-day operations of the funds.

"There is a danger that mistakes will be made," said Mr David Morgan, pensions manager at Scottish Equitable, who described himself as an advocate of reform. "If you improve the existing system by manipulating the edges, you have

fewer chances of getting it wrong."

The speech of Mr Maxwell, delegates said, has injected a new sense of urgency into an industry which has consistently rejected calls for reform. The spotlight has made some of its members uncomfortable. Several delegates expressed shock at seeing their habitually chummy annual conference displayed on national television news programmes.

Mr McMahon said the industry is clearly taking itself more seriously. Unlike previous years, for instance, the presentation of technical papers has been heavily attended by delegates. "Ordinarily, these sessions are the ones people use to go out and get a cup of coffee," he said.

The sea change has been prompted by mounting public anxiety over the safety of pension fund assets. "I think that MPs were universally shocked at how easily Robert Maxwell got away with it," said Mr Stewart Ritchie, pensions director at Scottish Equitable. "Now that change is inevitable, the challenge for the industry is to be constructive. Over the past 10 to 15 years, this industry has refused to realise that change is necessary."

Since Mr Maxwell disappeared overboard from his yacht, the safety of pension funds has climbed rapidly up the political agenda. A cross-party parliamentary select committee on social security, which held hearings into the Maxwell affair, has suggested wide-ranging changes to pension laws, including the scrapping of trust law, which governs pension schemes. The committee has asked for a top-level committee of inquiry to be set up to study the matter further. Its formation is expected to be announced shortly by the Department of Social Security.

The appropriateness of trust law as the governing force behind pension schemes is a central issue that the committee will scrutinise. Trust law was developed in the Middle Ages to help manage the assets of knights on crusades. Under it, the administration of pension funds is left to the trustees who often represent the companies which sponsor the schemes.

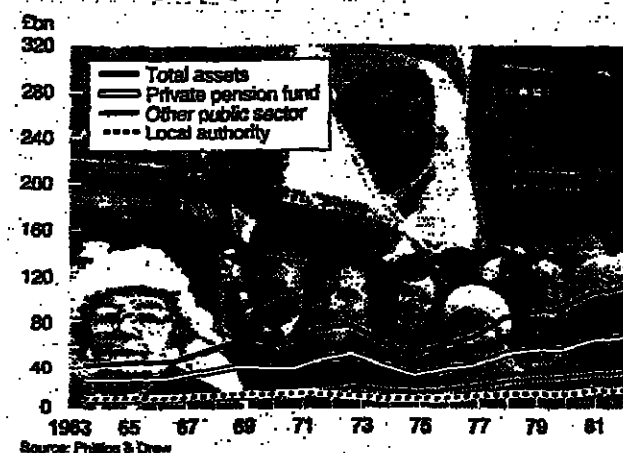
Mr McMahon has listed three main areas likely to be the focus of legislation: 1. Who should control pension schemes? Should pension fund boards be required to balance representation between employer and member representatives? 2. What safeguards should be introduced to protect assets? Beyond selecting a competent investment manager, what steps should trustees be required to take to protect their holdings? 3. Should there be a compensation scheme for members and, if so, what sort of minimum standards should funds have to meet to participate?

In addition, Mr McMahon said, MPs may also have to come to grips with the thorny question of just who owns pension fund surpluses. While he expressed confidence in the industry's acceptance of reform, it is clear that there will be firm resistance from some quarters. "I need reform like a hole in the head," said the pensions manager of a leading UK company. While, as a practical matter, reform may not require great changes in the way his fund is administered, the expense of conforming to new regulations may raise costs substantially, he said.

Mr David Trevor, pensions manager for Grand Metropolitan, the food, drinks and leisure group, said proposals for new pension laws, particularly if they restrict employers' access to scheme surpluses, could result in a curtailment of benefits for members. He said companies which have traditionally assured workers that they will receive pensions of up to two-thirds of their final salary will no longer be able to give that guarantee. Instead, companies may simply designate a lump sum that each worker will receive on retirement and then leave it to the worker to invest the money to provide an annual income. In the US the shift to such so-called money-purchase schemes has been blamed on a raft of pensions protection legislation, which companies say has forced final salary plans out of their reach.

But to many Napi members this week, such threats by companies are little more than posturing. Companies fund pension schemes generously because high marginal tax rates make it advantageous for them to do so, said Mr John Cumliffe, a pensions lawyer and partner at McKenna & Company. In addition, a company which does not offer competi-

Value of pension fund assets (at 1990 prices)



Source: Philip & Drew

Agencies to help manage the assets of knights on crusades. Under it, the administration of pension funds is left to the trustees who often represent the companies which sponsor the schemes.

Mr McMahon has listed three main areas likely to be the focus of legislation: 1. Who should control pension schemes? Should pension fund boards be required to balance representation between employer and member representatives? 2. What safeguards should be introduced to protect assets? Beyond selecting a competent investment manager, what steps should trustees be required to take to protect their holdings? 3. Should there be a compensation scheme for members and, if so, what sort of minimum standards should funds have to meet to participate?

In addition, Mr McMahon said, MPs may also have to come to grips with the thorny question of just who owns pension fund surpluses. While he expressed confidence in the industry's acceptance of reform, it is clear that there will be firm resistance from some quarters. "I need reform like a hole in the head," said the pensions manager of a leading UK company. While, as a practical matter, reform may not require great changes in the way his fund is administered, the expense of conforming to new regulations may raise costs substantially, he said.

Mr David Trevor, pensions manager for Grand Metropolitan, the food, drinks and leisure group, said proposals for new pension laws, particularly if they restrict employers' access to scheme surpluses, could result in a curtailment of benefits for members. He said companies which have traditionally assured workers that they will receive pensions of up to two-thirds of their final salary will no longer be able to give that guarantee. Instead, companies may simply designate a lump sum that each worker will receive on retirement and then leave it to the worker to invest the money to provide an annual income. In the US the shift to such so-called money-purchase schemes has been blamed on a raft of pensions protection legislation, which companies say has forced final salary plans out of their reach.

But to many Napi members this week, such threats by companies are little more than posturing. Companies fund pension schemes generously because high marginal tax rates make it advantageous for them to do so, said Mr John Cumliffe, a pensions lawyer and partner at McKenna & Company. In addition, a company which does not offer competi-

tive benefits cannot attract and retain qualified employees. That view was echoed by several delegates who act as consultants to the pensions industry. Mr Alan Jenkins, policy director at the consulting agency Noble Lowndes, described talk of cutting contributions as "propaganda". However, he said reform could hasten the shift of UK schemes to money-purchase plans. A further contentious issue is the creation of a nationwide compensation fund for pension scheme members who are the victims of failed pension plans. While there is widespread support for such a scheme, some delegates were concerned that well-run schemes will be forced to bail out badly managed ones. Mr Steven Mingle, partner at actuaries Bacon & Woodrow, said it would be difficult to extend compensation arrangements to schemes with insufficient assets to cover all liabilities were the scheme to be wound up.

At the heart of the conference the industry was grappling with what sort of law is needed to reassure pension fund members that their funds are safe, without making them prohibitively expensive for employers to operate. No law has yet been proposed but for the first time there has been a broad recognition of the need for a new framework. The aim is to prevent a scandal on the scale of Maxwell happening again.

Getting up from the canvas

Antony Thorncroft on a recovery in the market for contemporary art

clear signs of recovery. "I am more than fairly pleased," said Christie's expert Diane Wright after the New York sale. Along with her rival Lucy Mitchell-Jones at Sotheby's she had succeeded during the week in re-establishing a solidly based market in contemporary art.

Prices may be considerably reduced on 1990 levels but at least there were buyers, mainly American and European private collectors, for the select lots which had been allowed to appear at the rostrum.

By concentrating on paintings that had not been on offer for many years, that were in good condition and carrying low reserves, Christie's managed to sell 62 per cent by value of its 67 lots, for a total of \$11.58m. Sotheby's received \$12.3m from 56 lots, and sold 78 per cent of its 62 lots, the most flexible sector of the art trade, had given shown

important seller keen to dispose of desirable paintings at low prices. Sotheby's were marketing a series of works owned by Charles Saatchi, co-founder of Saatchi & Saatchi, the advertising group, and the dominant force in the contemporary art market for over a decade. He is currently jettisoning important works by artists he helped to popularise in the early 1980s so as to acquire the art of a later generation as well as the occasional modern masterpiece. Saatchi can afford to accept low prices since he bought the works for very modest sums.

His imprimatur ensured that "Bob's World", an early "plate" composition (in which broken plates are stuck to the canvas to create a greater physical impact) by the controversial Julian Schnabel, sold for \$319,000. Other Saatchi paintings to sell included one of Cy Twombly's many "Untitled" canvases, bought by Saatchi's dealer Larry Gagosian for \$1.65m, and \$227,000 for a pastiche of the Old Master Vermeer by the British artist Malcolm Morley.

This was an auction record for Morley and underlined the growing internationalism in the market for contemporary art. Traditionally, Americans bought the abstract expressionism of the post-war New York artists; Germans the work of their painters like Baschitz, Kiefer, Richter; and the French stock with the Paris School. Now artists can cross borders much more easily. Significantly, this week's sales brought the first purchases from Taiwan, although the Japanese dealers, who entered this market at its 1989 peak, were conspicuously absent.

Christie's sale centred on the works of Frederick Raut, the Swedish financier who established his collection during the 1960's and who bought widely from artists of various nationalities. Artists of Raut died last year, aged 40 and loaded with debt, and Christie's has the challenge of disposing of his collection. It has the advantage of negotiating with a deceased estate, which helped it force low estimates and reserves on the art. But even so, Christie's was amazed at its success in marketing 188 of the best Raut acquisitions.

Virtually all were sold, for a total of \$7.6m. Works by English sculptors patronised by Raut, such as Tony Cragg and Barry Flanagan, sold for auction record prices - \$99,000 for a Cragg composition of three giant bronze canisters, and \$93,500 for a Flanagan bronze of one hare balancing another on its nose.

Internationalism is not completely established - Sotheby's failed to sell an important nude portrait by Lucian Freud, "Night Interior", offered by Saatchi, probably because the estimate of \$500,000 was excessive for an artist not well known in the US - but it

is the best hope for the future of the market. For contemporary art still faces problems. There was very little buying this week by dealers, who are sitting on enormous bank overdrafts in unwritten galleries with vaults full of over-priced pictures. And the main reason that the auctioneers were successful was that Sotheby's and Christie's had fixed reserves even lower than those at last November's auctions.

The artist in keenest demand, whose prices have continued to rise during the recession, is Robert Gober. His speciality is making recreations of urinals, beds, and, in particular, kitchen sinks. One of his beds, composed of enamel, wood, cotton and wool, soared above its estimate on Tuesday to make a record \$180,000 - but also to create new doubts about the aesthetic value of contemporary art.



LOOK, THE FRAME ALONE IS WORTH SEVENTY DUCKS

The market is in convalescence but far from buoyant. It was noticeable that neither owners nor auction houses were willing to risk the great icons of modern art - works by Jasper Johns or Jackson Pollock, de Kooning or Lichtenstein, were not on offer this week. Diane Wright reckons that the price that anyone is currently prepared to pay for a painting by a modern master is \$10m. Three years ago a de Kooning, "Interchange", sold for \$20.67m to a Japanese buyer and a Jasper Johns, "False Start", changed hands for \$17m.

As the international economy moves out of recession, dealers and collectors expect that the contemporary art market should continue to recover from its sabbatical. In any event, it will not lose its ability to shock. The artist in keenest demand, whose prices have continued to rise during the recession, is Robert Gober. His speciality is making recreations of urinals, beds, and, in particular, kitchen sinks. One of his beds, composed of enamel, wood, cotton and wool, soared above its estimate on Tuesday to make a record \$180,000 - but also to create new doubts about the aesthetic value of contemporary art.

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LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL. Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Exercising right to mourn comrades

From Lord Mackie.
Sir, With reference to the Mayor of Cologne's article, "Bomber Harris: a tactical choice" (May 3), I have already stated, and repeat, that the statue of Sir Arthur Harris is a memorial to 55,000 of our dead comrades and their commander, erected in our own Royal Air Force church precincts, in our own country, alongside a memorial to the achievements of colleagues in Fighter Command.

It is a belated tribute to the dead of a prolonged and bitter battle, immensely important to the ground forces which finally defeated the Germany of Hitler and is intended in part to redress the official neglect of their achievements.

The publicity has all come from German sources and the effort to portray Sir Arthur Harris as a war criminal is deeply resented. Churchill, Roosevelt and other allied leaders ordered the strikes at the heart of the Third Reich and knew its value to the ultimate defeat of that monstrous regime.

The surviving members of Bomber Command deeply regret the loss of civilian life, unfortunately unavoidable in a desperate combat, but simply assert our right to mourn and commemorate our dead comrades.

The only route to an effective opposition

From Mr Robert Nott.
Sir, Your leader, "The challenge for the Labour party" (April 30), was most perceptive. Labour said that it no longer worshipped the Clause Four commitment to public ownership, Campaign for Nuclear Disarmament and the unions. It lost because it did not get rid of the men who all their lives had worshipped at those shrines. Those have now become, and are seen to be, yesterday's men.

You suggest that if Mr John Smith be elected, his first job will be to demonise the party. Can he? He is not only a union sponsored MP, but has been almost before the leadership campaign began, that he had strong union support - and so was a yesterday's man. I hope Mr Brian Gould will win, for every government needs an effective opposition. Mr Gould might produce that. Mr Smith cannot.

Robert Nott, Englefield Cottage, Hartmore, Godalming, Surrey GU7 2RA

Best as well as worst

From Mr Osman Streeter.
Sir, Cato the Elder ended every speech with the demand that Carthage must be destroyed. Vanessa Houlder is becoming almost as repetitive in her gloomy prognostications about Docklands (The property market, May 6). The difference is that, unlike Ms Houlder, Cato did not use selective quotations.

She correctly quotes the ADT architectural guide as saying that "London's Docklands contains one of the worst collections of late 20th century buildings to be seen anywhere in the world". But she omits

Mistaken prescription for BT prices

From J B K Rickford.
Sir, Mr Matson, the chairman of National TeleCable, argues (Letters, May 6) that BT should reduce its prices but would not do so until forced by competition. In fact, since 1984 we have, under rules agreed with OfTel, reduced prices by more than 25 per cent on average, in real terms, for our main services. Last year, for example, we cut international call charges by 10 per cent. OfTel's current RPI-X 5 per cent price cap will require real and nominal price cuts again this year.

Mr Matson describes as "beguiling but fallacious" our argument that competition should operate freely in the telecommunications market without rules designed to favour one player at the expense of another. His proposal appears to be for BT to make a one-off price reduction and then to freeze its prices regardless of economics until it has lost a substantial share of "the relevant market" - perhaps the sector in which cable businesses currently operate while statutory TV monopolies. Mr Matson would apparently like the government regulator to serve him a share of the telecommunications market on a plate. That is not competition. His prescription for achieving that result is also mistaken. BT's prices overall are no higher than necessary to

cover our cost of capital at the market rate. If we are required to reduce them, Mr Matson and our other competitors will have to face a level of BT prices which is less than economic. Compelling BT to charge less than is sufficient to cover our cost of capital will prevent competitors from establishing themselves.

So Mr Matson does not offer convincing arguments for changing the policy of open competition to which the government is committed. J B K Rickford, director of governmental relations, BT, BT Centre, 81 Newgate Street, London EC1A 1AJ

A second opinion? From Dr Graham Hollett.
Sir, For your TV correspondent to denounce the BBC ("Arts: Today's Television", May 6) for embracing environmentalism without examining the evidence is a bit rich for someone who argues that heterosexuals cannot catch Aids, that there is no evidence of damage to the ozone layer, etc. Should not the distinguished science correspondent comment on Mr Dunkley's scientific asides - at least when they are potentially lethal? Graham Hollett, 10 Chestnut Grove, Rhinoceros, Cardiff CF4 6PH

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	Monthly Div	10.35	7.75	Yearly	10.35	100,000	4.50p/250,000/25		
	Instant Access	10.35	6.52	Yearly	10.35	100,000	4.50p/250,000/25		
Barnhill 0226 733999	Quarterly Div	11.00	8.62	Yearly	11.00	100,000	4.50p/250,000/25		
	First Class Inst. Acc.	11.50	8.62	Yearly	11.00	100,000	4.50p/250,000/25		
	Monthly Div	10.35	7.75	Yearly	10.35	100,000	4.50p/250,000/25		
	Instant Access	10.35	6.52	Yearly	10.35	100,000	4.50p/250,000/25		
Barnhill 0226 733999	Quarterly Div	11.00	8.62	Yearly	11.00	100,000	4.50p/250,000/25		
	First Class Inst. Acc.	11.50	8.62	Yearly	11.00	100,000	4.50p/250,000/25		
	Monthly Div	10.35	7.75	Yearly	10.35	100,000	4.50p/250,000/25		
	Instant Access	10.35	6.52	Yearly	10.35	100,000	4.50p/250,000/25		
Barnhill 0226 733999	Quarterly Div	11.00	8.62	Yearly	11.00	100,000	4.50p/250,000/25		
	First Class Inst. Acc.	11.50	8.62	Yearly	11.00	100,000	4.50p/250,000/		

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Westminster

Mr. Jeremy Bury, the Labour MP for Motherwell, South Scotland, is a public relations consultant, and that is why he wrote an article about the subject would be in the Westminster.

Mr. Bury, who is a shareholder in the company, is a public relations consultant, and that is why he wrote an article about the subject would be in the Westminster.

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ECONOMIC DIARY

TODAY: Informal meeting of European Community finance ministers in Oporto. Six Gulf Co-operation Council foreign ministers hold extraordinary meeting in Riyadh to discuss stance on Damascus Declaration, a proposed post-Gulf War security pact with Syria and Egypt.

TOMORROW: Summit meeting of central Asian republics in the Turkmenistan capital Ashgabat.

MONDAY: The Department of the Environment publishes figures for housing starts and completions during March. Central Statistical Office gives statistics for credit business (March). Middle East regional talks continue in Washington. Philippine elections. European Community foreign ministers meet in Brussels. European Community telecommunications council meets in Brussels. European Parliament in plenary session in Strasbourg.

TUESDAY: Producer price index numbers for April. US producer price index (April). Housing completions in Washington. Senior officials of the non-aligned movement due to start four-day meeting in Bali to prepare for September summit. Financial Times holds two-day conference "International Securities Markets: Limiting Market Risk" in London.

WEDNESDAY: US consumer price index (April). North Korea/Japan normalisation talks open in Beijing (until May 14).

THURSDAY: Labour market statistics: unemployment and unfilled vacancies (April-provisional); average earnings indices (March-provisional); employment, hours and productivity and unit wage costs; Industrial disputes. Provisional figures of vehicle production (April). Capital issues and redemptions (April). Global Panel conference in The Hague.

FRIDAY: Usable steel production in April. Retail price index and tax and price index for April. Summit of leaders of the Commonwealth of Independent States in Tashkent.

FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1992. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS		Friday May 8 1992		The May 7		The May 6		The May 5		The May 4		The May 3		The May 2		The May 1		The May 31		The May 30		The May 29		The May 28		The May 27		The May 26		The May 25		The May 24		The May 23		The May 22		The May 21		The May 20		The May 19		The May 18		The May 17		The May 16		The May 15		The May 14		The May 13		The May 12		The May 11		The May 10		The May 9		The May 8		The May 7		The May 6		The May 5		The May 4		The May 3		The May 2		The May 1		The May 31		The May 30		The May 29		The May 28		The May 27		The May 26		The May 25		The May 24		The May 23		The May 22		The May 21		The May 20		The May 19		The May 18		The May 17		The May 16		The May 15		The May 14		The May 13		The May 12		The May 11		The May 10		The May 9		The May 8		The May 7		The May 6		The May 5		The May 4		The May 3		The May 2		The May 1		The May 31		The May 30		The May 29		The May 28		The May 27		The May 26		The May 25		The May 24		The May 23		The May 22		The May 21		The May 20		The 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IBM considers investment in Time Warner division

The entertainment company has been seeking investments to reduce the enormous debt it incurred in its creation by the merger of the former Time and Warner Communications groups in early 1990.

IBM's primary goal is, however, to find a partner that would enable it to capitalise on its investments in "multi-media" technology, which apply computer technology to providing a rich mix of video, graphics and text information.

WORLD COMM

Yesterday's announcement brought an angry reaction from Mr Curt Olsson, chairman of Skandinaviska Enskilda Banken, Sweden's largest commercial bank. Mr Olsson found it "difficult" to criticise the state for saving Nordbanken from an acute crisis, but the decision he said would lead to a "serious distortion of competition in Swedish banking".

IBH is due to submit a refinancing plan to its bankers later this month, and could be placed in liquidation later this year if no agreement is reached.

1991 it made BFR10.26bn, marginally up on 1990.

Mr. Cornelis said the group was well-positioned for the future, and he placed particular emphasis on the likely impact of the BFR29bn investment to improve the efficiency of Petrofina's Antwerp refinery.

"From the middle of 1994, [the investment] ought to put our refinery at the leading edge of our business in terms of added value [oil products] and the environment," he told shareholders.

“This price slump cannot be offset even by the extensive rationalisation of recent years and the ongoing structural measures.”

● ADN, the financially stretched former state press agency of communist East Ger-

In December 1991, HUI was wound up and its liabilities taken over by the Corporation, producing a loss of Pta9.73bn (\$95m), part of which corresponds to the 1990 fiscal year.

The remaining 75 per cent of Degav is owned by Deutsche Bank, Germany's largest bank. Woolworth's German operations had sales of DM2.9bn (\$1.75bn) in 1991, and net earnings of DM78.3m.

48,950	48,625	49,250	48,450
48,525	48,360	48,750	48,250
44,425	44,425	44,675	44,250
40,650	40,750	40,500	40,800
43,075	43,000	43,150	42,700
44,225	43,975	44,300	43,900
42,950	42,700	42,950	42,600

RELIES 40,000 lbs. cents/lb

Closes	Previous	High/Low	
38,300	37,175	38,450	37,400
37,675	37,060	37,350	37,000
35,700	34,950	35,875	34,900
44,750	43,825	45,800	44,250
43,600	42,850	44,250	43,800

Another closing record for the Footsie

By Steve Thompson

JUST AS the equity market was closing at a new all-time high, dealers were astonished to find that Goldman Sachs, one of the leading US investment banks, had swooped to execute one of the most sought-after bought deals in the market. It placed Hanson's 2.52 per cent stake in ICI, the chemicals giant. One of Goldman's fiercest rivals in the London market said the deal was "a beautifully timed and beautifully executed piece of stockbroking."

"I'm sure we'll see a burst of takeover speculation in the so-called big favourites when the market opens on Monday," was the reaction of a leading marketmaker to the news.

Account Opening Dates	First Day	Second Day	Third Day
April 27	May 11	May 12	May 13
May 7	May 25	May 26	May 27
May 19	May 28	May 29	May 30
May 31	June 18	June 19	June 20

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The deal was seen as the icing on the cake for London's market operators after a another scintillating performance by the equity market. This week's half-point cut in domestic interest rates, a similar move by the French authorities to cut their own rates and evidence that the UK economy may be emerging from recession were the reasons behind some exceptionally heavy domestic and overseas buying of the London market.

The FTSE 100 share index settled at a record high of 2,734.7, up 23.5 on the session, having earlier peaked up to 2,734.8. Over the week, the index has risen 65.9 points, extending its gain since news of the Conservatives' general election victory to 283.3 points.

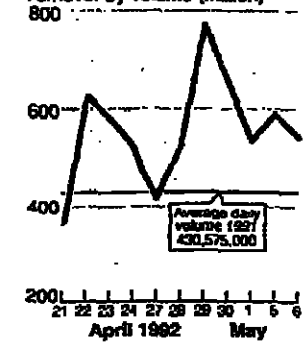
Dealers were surprised by the speed and substance of yesterday's gains. The Footsie opened more than 5 points down but the weakness lasted less than an hour. A surge in the Footsie future and heavy overseas buying followed the latest burst of strength in sterling. The buying drove the Footsie up to an intraday high of 2,734.8, up 23.5, before late profit-taking. The market's latest surge confounded many observers who had expected the last session of the account to trigger a burst of heavy profit-taking. Dealers were wary of selling the market short.

Yesterday's turnover, just short of 900m, backed up the argument that there has been a substantial inflow of foreign money into the UK market.

● Retail, or customer business, in London remained at an exceptionally high level, boosted by a series of big placings and big overseas buying.

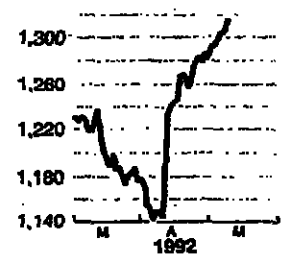
London SE volume

Turnover by volume (million)



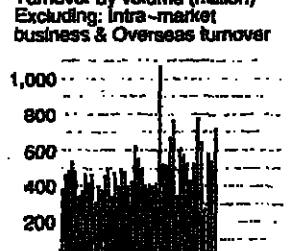
FT-A All-Share Index

Turnover by volume (million)



Equity Shares Traded

Turnover by volume (million)



Source: Datastream 1992

Guinness, plus Bass.

French stockbroker Strauss Generale Strauss Turnbull's insurance analyst spoke at the morning meeting in favour of the Commercial Union (up 4 at 50p) and against Royal Insurance (down 3 at 22p).

Having opened at 2,733, a squeeze in June developed within the first hour as dealers rushed to cover short positions. The squeeze sent June soaring and at the day's best a premium of 47 points to the

underlying cash market was recorded. The day's high of 2,672 was reached at around 1.30pm.

The market witnessed some large trades particularly from the big investment houses, such as James Capel in the dying minutes of the session.

June eventually closed at 2,666, a record high and up 25 on the previous session, and around 23 points above its estimated premium to cash of

about 14.

The LTOM also put in a strong performance with turnover reaching 40,886 contracts, with the FTSE option recording a day's total of 11,372 lots.

Hanson, a strong feature in the equity market, was the day's top traded stock option. It traded 2,888 lots with the August 24 call the most active. It was followed by British Gas, at 2,528, BP, at 2,528, and Midland Bank were also busy.

MARKET REPORTERS: Christopher Price, Joel Kibazo, Colin Milburn, Peter John, and others.

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FINANCIAL TIMES STOCK INDICES

	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	May 0	May -1	May -2	May -3	May -4	May -5	May -6	May -7	May -8	May -9	May -10	May -11	May -12	May -13	May -14	May -15	May -16	May -17	May -18	May -19	May -20	May -21	May -22	May -23	May -24	May -25	May -26	May -27	May -28	May -29	May -30	May -31	May -32	May -33	May -34	May -35	May -36	May -37	May -38	May -39	May -40	May -41	May -42	May -43	May -44	May -45	May -46	May -47	May -48	May -49	May -50	May -51	May -5
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FT MANAGED FUNDS SERVICE[illegible]

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FILE OF MAN (SIB RECOGNISED)

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WORLD STOCK MARKETS

AMERICA

Dow subdued as rate cut hopes fade

Wall Street

US EQUITIES traded in a narrow range as stronger payroll figures for April dampened hopes that the Federal Reserve would make an early cut in interest rates, writes Karen Zagar in New York.

At 1 pm, the Dow Jones Industrial Average was 0.85 higher at 3,372.32 on paltry turnover of less than 100m shares. Advancing broadly equaled declining issues at mid-session. The Standard & Poor's 500 was 0.60 higher at 416.45 and the Nasdaq composite eased 0.36 to 598.90. On Thursday, the Dow closed 5.04 lower at 3,367.27.

Evidence of a slow but

steady economic recovery was provided by the employment report for April, which showed an increase in non-farm payrolls of 126,000, considerably above most predictions. The civilian unemployment rate fell to 7.2 per cent from 7.3 per cent and the March non-payroll increase was revised to 39,000 from 19,000.

The employment report stoked speculation that the Federal Reserve would ease monetary policy. Yesterday the Fed signalled that its policy was on hold by arranging \$1.5bn of customer repurchase agreements. The operation, which adds reserves to the banking system, occurred when Fed Funds were trading at 3 1/4 per cent, the Fed's perceived target

for the rate.

Pinelands soared 5 1/4 to 117 1/4 in active trading on reports that the New Jersey-based television station operator had accepted a takeover offer of \$18 a share from Chris-Craft Industries. Shares in Chris-Craft fell 3 1/4 to \$26 1/4.

Trading was heavy in a number of blue chip stocks including Boeing, unchanged at \$44 1/4, IBM, up 1/4 to \$89 1/4, and Chase Manhattan, up 1/4 to \$29 1/4.

Liz Claiborne rose 1 1/4 to \$37 1/4 after the apparel company said it had offered to buy the operating assets of Russ Togs, which is operating under protection of Chapter 11 of the bankruptcy code.

The transportation sector

reversed its previous day's losses with the Dow Jones Transportation Average climbing 10.09 to 1,406.08 at 12:30 pm. Airline issues were mixed, with AMR, parent of American Airlines, up 1/4 to \$69 1/4, Delta Air Lines adding 1/4 to \$62 and UAL, parent of United Airlines off 1/4 to \$124 1/4.

Railroad stocks, which contributed to the average's decline on Thursday, turned higher. Burlington Northern added 1/4 to \$45 1/4, Norfolk Southern rose 1/4 to \$54 1/4 and Consolidated Rail firmed 1/4 to \$91 1/4.

Transco Energy climbed 1 1/4 to \$13 1/4 after the natural gas and coal producer said it expects to take a first quarter

charge of 66 cents a share to settle a lawsuit with Global Marine.

In over-the-counter trading, Sun Microsystems improved 1/4 to \$30 1/4 after an analyst at Morgan Stanley upgraded his rating on the stock to "buy" from "hold".

American Financial Services was quoted at \$10 1/4. An initial public offering of 1.5m shares was priced at \$10 a share.

Canada

TORONTO was higher at mid-session following a rise in US bond prices. The TSE 300 composite index rose 16.2 to 3,379.1. Advances led declines 218 to 172 in volume of 14.2m shares valued at C\$184.9m.

When small can be not quite so beautiful

Patrick Harverson charts current disillusion in the US with hard-hit biotech and healthcare stocks

WHAT IS wrong with small stocks? While the Dow Jones industrial and the broad market S&P indices have hovered around record highs, indicators of smaller stocks have displayed a marked under-performance in recent months.

Since posting a record high of 644.82 on February 12, the Nasdaq composite index of over-the-counter stocks, which includes a lot of small-sized companies, has fallen just over 9 per cent, closing at 597.16 on Thursday.

Over the same period the even broader Russell 2000 index of small-capitalised stocks has dropped about 7 per cent from the mid-February high of 212, while the Value Line index of small caps has given up almost as much of its gains.

Analysts have been saying the same thing in recent weeks: small stocks are taking a beating because they were driven too high last year by speculative buying that lost touch with their underlying earnings potential.

The damage inflicted on some of the high-fliers of six months to a year ago has been remarkable. Biotechnology and healthcare stocks have been hit the hardest, primarily because they enjoyed so much of the attention in the record-breaking rally of 1991.

Immunex is a typical example. In January the maker of immunological biological products was trading around \$80; by the end of April it had fallen to \$28.

Over the same period Cytogen, which produces biochemical systems for treating cancer, dropped from \$34 to \$17, while the value of shares in another anti-cancer drug maker, Immunomed, was more than halved to \$12.

Probably the biggest blow to the biotech sector was administered last month when the Food and Drug Administration (FDA) declined to grant approval for Centocor, a drug

for treating septic shock produced by Centocor, whose stock plunged from its high this year of \$80 to \$12 on news of the decision.

Analysts had talked of potential sales of about \$1bn for Centocor, and the FDA's refusal to approve it was a big blow not just to Centocor, but to the entire sector, as expectations that other drugs would be approved were dashed by talk that the FDA was taking a tougher line.

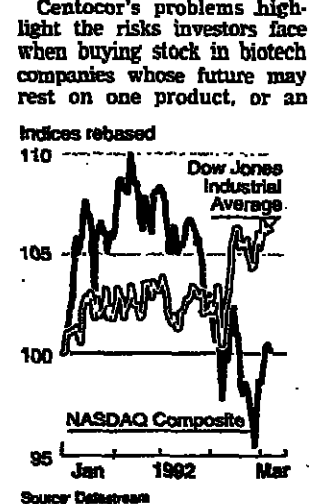
Centocor's problems highlight the risks investors face when buying stock in biotech companies whose future may rest on one product, or an

Healthcare stocks also ran into heavy selling during the latter part of the first quarter, with analysts blaming the losses on the uncertainty surrounding healthcare legislation in this election year.

Health has been one of the biggest topics in the presidential debate so far, and there is concern in the market that after the election the victorious candidate might sweep sweeping health reforms through Congress.

The problems of the biotech and healthcare sectors have inevitably impacted on the market for initial public offerings (IPOs). Between January 1991 and the end of the first quarter this year an estimated \$1.75bn was raised through over 50 biotech IPOs as new and emerging companies rushed to take advantage of the heavy demand from investors for biotech stocks. But in recent weeks several planned IPOs have been shelved because of the sudden absence of buyers.

The under-performance of small stock indices has also been caused by a switch of funds into low-priced cyclical stocks. The high price ratios of many growth stocks in the Nasdaq composite and the Russell 2000 at the start of the year had set off alarm bells for some investors, who began selling out of small growth stocks and into cyclical broader market stocks.



Source: Datastream

awaited scientific breakthrough.

The fast-growing biotech stocks were particular favourites of new investors, who read of the extraordinary gains to be earned in the sector and jumped on the bandwagon with little thought or research.

As a result, many bought stocks in companies they knew little about. As soon as the sector's speculative bubble burst in mid-February, many of the unsophisticated investors panicked and sold hurriedly.

At the same time the more experienced investors were getting out because price/earnings ratios and technical charts were telling them that the sector had peaked and was heading for a substantial correction.

To investors, the recovering economy made cyclical stocks, whose earnings tend to move in line with the economic cycle, look more attractive than emerging growth stocks, whose earnings are more unreliable.

As for small value stocks, which can look slow and unexciting but which usually produce a steady return over the long term, they offer a safe haven with strong defensive qualities for investors tired of the roller-coaster ride of biotech.

EUROPE

Milan weighed down by further cash calls

FURTHER cash calls depressed Milan yesterday while the end of the public sector strike failed to lift Frankfurt. Paris was closed for a holiday, writes Our Markets Staff.

FRANKFURT reacted with uncertainty to the settlement in the public sector pay dispute. Some analysts noted that the agreement was a rebuff to the government's efforts to keep wage rises below 5 per cent and that it would give private sector workers the incentive to seek similar rises. The metal unions are due to ballot members on strike action next week.

The DAX index closed down 2.65 at 1,748.18, but was 0.5 per cent higher on the week. The FAZ index was 0.18 lower at 706.52, a gain of 0.8 per cent on the week. Turnover fell to DM5.5bn from DM6.5bn.

Volkswagen advanced DM4.50 to 1.2 per cent at DM283.00, following results earlier this week which prompted analysts to increase their 1992 profit forecasts.

BMW was also firmer, up DM0.50 to DM586 ahead of next Tuesday's annual meeting, while Mercedes rose DM8 to DM605 after forecasting good 1992 prospects at its commercial vehicle division.

However, MAN, which

FT-SE Eurotrack 100 - May 8 †								
Hourly changes								
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close	
1185.28	1185.28	1186.13	1186.08	1186.82	1188.49	1188.69	1188.95	
Day's High			1190.24	Day's Low			1184.77	
May 7	May 6	May 5	May 4	May 3	Apr 30			
1182.52	1182.52	1187.23	1175.00†	1174.96				

Source: Reuters (FT-SE)

expects sales at its truck arm for the year ending June 1992 to be up 14 per cent, lost DM5 to DM575.50. Some analysts said that the prospect of strike action by metal workers hung over the stock. Mannesmann shed DM4.30 to DM280.20 following the release of disappointing 1991 results after Thursday's close.

Schering continued to weaken following poor first quarter figures earlier in the week, closing down DM15 to 1.9 per cent at DM78. Hoechst lost 50 pps to DM254 on news that the company was negotiating to buy its US polyethylene plant.

MILAN staggered under the increasing weight of rights issues, following Thursday's late announcement from the insurer Ras and fellow insurer Assitalia's similar news yesterday morning. However, the market got some support from Fiat and Montedison. Dealers

were perplexed by the bad timing of the rights issues, given the poor sentiment in the market, as well as the lack of explanation as to why the funds were needed. The Comit index fell 4.08 to 493.33, down 1.9 per cent on the week, but turnover estimated at L11.5bn after L13.5bn.

Ras, which resumed trading after Thursday's suspension, dropped L2,000 or 9.7 per cent to L17,910 in heavy volume of 876,300 shares. Dealers said the price was hit by one large seller from London, and that there was no sign that Ras had stepped in to defend its share price. Its savings shares were suspended twice because of the excessive weakness and failed to be officially closed in spite of three attempts. It was quoted as low as L10,750, compared with L13,280 before the announcement.

Fiat fell L15 to L5,135 but rebounded to L5,160, supported

by Thursday's good industry data. Montedison eased L4 to L1,485 but firmed to L1,490 later in the session. Dealers said there was interest in the shares following some buy notes from brokers and on talk that Montedison might sell all or part of its US operations.

ZURICH rose on foreign buying of blue chips. The SMI index rose 12.3 to 1,949.1, a 3.6 per cent gain on the week. Among banks, UBS registered shares gained SF15 to SF205 while the bearers were SF700 former at SF7,900.

Takeover rumours sent Balise Insurance registered shares up SF90 to SF2,350. STOCKHOLM recovered most of its losses caused by news that the government had been forced to bail out Nordbanken. The Aftersvriden general index rose 1.8 to 1,005.7, up 2.9 per cent on the week, as turnover reached SEK363m from SEK187m.

The banking sector dropped 3.4 per cent on the news. SE Banken C shares were down SKR4 or 7.8 per cent to SKR47.50. Nordbanken, which is already 7.3 per cent owned by the government, rose 50 ore to SKR19.50.

Ericsson B ended SKR2 higher at SKR124 despite worse-than-expected first quarter

results. Volvo B jumped SKR9 to SKR45 on hopes of an early merger with Renault.

BRUSSELS ended off the day's highs after hectic trading led by Petrofina, which rose 1.5 per cent. Petrofina ended up BFR175 at BFR1,650, accounting for half the day's volume of BFR1.6bn. The Bel 20 index added 13.09 to 1,211.36, up 1.6 per cent on the week.

AMSTERDAM closed slightly firmer. The CBS Tendency index advanced 0.1 to 150.1, for a 1 per cent gain on the week. Turnover was F161m.

The publishing sector was strong on a positive report by ABB Amro Bank. VNU put on 70 cents to F190.50, but off an intraday year's high of F191.50. Elsevier advanced 50 cents to F116.50 and Wolters Kluwer closed a net 30 cents higher at F176.50 after going ex-dividend.

MADRID's general index rose 0.45 to 2,581 for a 2.45 per cent rise on the week.

SOUTH AFRICA

JOHANNESBURG staged a late rally, boosted by a stronger bullion price. The gold index gained 3 to 1,075 while the overall index firmed 16 to 3,903. Industrials advanced 21 to 4,482. Veeal Reefs improved R3 to R182.

ASIA PACIFIC

Nikkei rises 6.2 per cent on the week

Tokyo

WHILE the Nikkei average failed to continue its winning streak after rising more than 1,000 points in two consecutive days, traders were heartened by an increase in volume, writes Shiko Terazono in Tokyo.

The 225-issue average closed down 34.93 at 16,375.55, up 6.2 per cent on the week, after a high of 18,500.00 and a low of 16,172.42. Arbitrage-related selling and profit-taking weighed down the index in early trading, but buying by foreigners and investment trusts helped cut most of the losses.

Volume rose to 400m shares from 400m. Despite the fall in the Nikkei, advances led declines by 623 to 978, with 137 issues remaining unchanged. The Toxip index of all first section stocks lost 0.32 to 1,374.38 and in London, the JSE/Nikkei 50 index up 0.56 at 1,106.89.

Traders said that sentiment was improving. Mr Takatoshi Okuyama at Daiwa Securities said: "We've probably con-

firmed the bottom, and more investors are coming back in." He added that the recent rise in share prices has prompted investors to cover short positions.

Speculative issues were traded actively by dealers. Biotechnology issues advanced, with Morinaga Milk, the most active issue of the day, up Y41 to Y840 and Okamoto advancing Y100 to Y1,380. Shimadzu, a medical equipment maker, rose Y25 to Y705 on the Aids theme.

Foreign investors sought high technology blue chips. Sony added Y30 to Y4,480. However, NEC fell Y30 to Y1,010 and Matsushita retreated Y10 to Y1,420 on profit-taking.

Bank stocks lost ground on reports that four commercial banks, including Sakura Bank, will bail out Taiheiyu Bank, a regional bank in financial trouble due to an increase in bad loans. Sakura lost Y30 to Y1,040 and Fuji Bank lost Y50 to Y1,440.

Kanebo, the cosmetics maker, fell Y14 to Y445. Investors were discouraged by an

announcement that the company will make a consolidated after-tax loss of Y6.5bn compared to an earlier forecast of a profit of Y1bn.

In Osaka, the OSE average rose 138.29 to 20,563.70 in volume of 32m shares. Dealers sought speculative issues while foreigners and investment trusts were seen bargain-hunting. Short-term trading lifted Ono Pharmaceutical by Y30 to its year's high of Y5,380.

Roundup

PACIFIC Rim markets were mixed while Bangkok regained some ground after large falls this week.

HONG KONG declined after recent gains. The Hang Seng index lost 21.39 to 5,038.19, but was 2.2 per cent higher on the week. Turnover was HK\$3.68bn.

HSBC Holdings fell HK\$1.50 to HK\$43.50 on news that it was posting a formal offer document to Midland Bank shareholders valuing the UK bank at some £2.4bn.

BANGKOK improved as

investors anticipated an early resolution to the political crisis. The SET index rose 22.17 to 732.89, but was down 3.7 per cent on the week. Turnover was Bt47.7bn.

Bangkok Bank gained Bt20 to Bt680 and Siam Cement rose Bt20 to Bt518.

KUALA LUMPUR saw some interest in blue chip stocks. The composite index closed up 2.15 to 605.71, a 2.3 per cent rise over the week. Turnover fell to M\$107m from M\$112m.

Telecom advanced 30 cents to M\$12.90 while Genting lost 30 cents to M\$12.60.

SEOUL fell on profit-taking. The composite index finished 4.09 lower at \$26.25, for a 3.4 per cent decline on the week. Turnover was Won\$56bn.

AUSTRALIA drifted lower. The All Ordinaries index shed 2.3 to 1,663.6, barely changed on the week. Turnover was A\$286m.

John Fairfax Holdings, making its market debut, closed up 18 cents at A\$1.34. News Corp advanced 40 cents to A\$20.50 while Foster's Brewing was 3 cents firmer at A\$1.80.

LONDON SHARE SERVICE

BRITISH FUNDS

Discs	Albums	TV	Years
Box 1982		98.2	+ 39.5
Disc 72 4pc 1982		98.2	+ 101.6
Box 1981		98.2	+ 101.6
Box 1980		98.2	+ 101.6
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Box 1978		98.2	+ 101.6
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Box 1671		98.2	+ 101.6
Box 1670		98.2	+ 101.6
Box 1669		98.2	+ 101.6
Box 1668		98.2	+ 101.6
Box 1667		98.2	

LONDON SHARE SERVICE

AMERICANS

Notes	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994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No hiding place for Europe's fugitives

As refugees pour into Europe from the world's more troubled regions, David Marsh observes the backlash

A LONG THE Austrian-Hungarian border, winding through the fertile Burgenland region south of Vienna, the paint-strewn watchtowers on the eastern side are deserted, relics of the Cold War. On Austrian soil, new look-out platforms have sprung up, manned by army conscripts in sheepskin coats. They are watching not for the march of communism, but for travellers from Turkey, Romania, Sri Lanka or Bangladesh seeking illegal entry. The Iron Curtain has been dismantled. But as the west attracts a growing stream of fugitives from troubled parts of the world, immigration has become the focus of Europe's fears.

In the gentle hills of the Burgenland, an immigrant's first encounter is often with a man in uniform. "They can cause disquiet among the population," says Gerhard Wild, a burly official at police headquarters in Eisenstadt, the main town in the region. Some steel local bicycles, he says. "Most are economic refugees," adds Karl Barilich, a young Austrian gendarme on patrol in his van. Captured border-crossers are taken to an impromptu reception centre in bleak rooms at a disused sugar refinery. They are questioned, photographed and given medical checks. After a few hours, those without a *prima facie* case for political asylum are sent back to Hungary. "Normally, they are exhausted - they just want to sleep," says Barilich. Before going, they can take their pick from second-hand clothes donated by local residents.

The fugitives are disaffected survivors of the revolutions and disruption which have swept through eastern Europe and the Third World. Instead of success, they meet little immigrants put pressure on jobs, housing and social security. The prosperous half of the continent is experiencing economic slowdown and a sharp swing to xenophobic far-right parties - seen in elections in France, Germany and Italy during the past few weeks. In the ugliest of ironies, the newcomers find themselves blamed for political turmoil in places they regarded as the promised land.

From all sides they come, and on all sides, they are unwanted. Spain's *Guardia Civil* stands ready to repel immigrants from north Africa. The French *gendarmes* are on patrol in Marseille, while German border guards scan the wetlands of the River Oder for illicit arrivals from Poland. Most fugitives seek political asylum - even though their chances of acceptance are small. In western Europe 540,000 asylum-seekers were registered in 1991 - nearly twice the 1989 figure and more than three times 1987's. Germany alone attracted a record 250,000 asylum-seekers last year. Total immigration into western Europe topped 1m (including 220,000 ethnic Germans from eastern Europe and the former Soviet Union who went to Germany and get automatic citizenship rights there). The flows have crossed to Britain too. The Home Office recorded 44,000

asylum applications in 1991. A lorryload of illegal Indian immigrants hit the headlines in March after being apprehended by police on a motorway. Austria is the traditional gateway between east and west. But on the border, hopes of a new life can turn sour quickly. Last year, the Austrian police and army caught 12,000 illegal immigrants from Asia, Africa and eastern Europe. Many are taken to Hungary by unscrupulous international couriers and unloaded from buses and vans within walking distance of Austrian territory. Then, they are on their own.

In Austria, as across the whole of Europe, the strains are coming to the surface. Last year, 27,000 people applied for asylum - more per capita than in Germany. An additional 13,000 fugitives from the civil war in Yugoslavia - most from Croatia - were given temporary refuge in Austrian homes, hotels and church buildings. Anti-far-righter sentiment helped Austria's nationalistic Freedom Party to a sharp surge in council elections last November. Jörg Haider, the party's demagogic leader, used the slogan "Vienna for the Viennese" in his November campaign.

General elections in Switzerland and Belgium last year produced a marked far-right shift. Jean-Marie Le Pen's *Front National* (FN) in France attained 13.9 per cent of the vote in regional elections in France in March. And in Germany on April 5, the ultra-right German People's Union and Republicans parties swept into state parliaments in Schleswig-Holstein in the north and Baden-Württemberg in the south. Christian Käs, the Republicans' leader in Baden-Württemberg, accuses the country's established politicians of showering largesse on asylum-seekers while plunging east Germans into poverty. Ballot-box support for such par-

ties parallels an increase in racially-motivated violence. Even peaceful Sweden has seen an increase in apparently motiveless attacks on foreigners.

In Germany, where racial attacks have become almost routine since the autumn, the number of immigrants camping out in Munich has prompted fears that the city's traditional autumn beer festival could be cancelled. An Interior Ministry official in Bonn says: "The asylum problem, linked to worries about law and order, is the number one question. It's only a matter of time before this blows up."

Tension is certainly in the air at a sprawling camp for displaced foreigners in the town of Traiskirchen, near Vienna. Since 1956, the former Austrian military academy has been a transit centre. Around 300 asylum-seekers live there. They stay for a few days to complete formalities before being allotted more permanent quarters in guesthouses and hostels around the country. Under recently-toughened laws, asylum-seekers who arrive in Austria from "safe" countries can be expelled summarily. Some immigrants throw away their identification papers to hinder the authorities. Faced with such awkward charges, the camp staff are not overly sympathetic. "The niggers are this way," said a young administrator, bustling through the building towards a group of Sudanese men cutting each other's hair in the corridor. In an attempt at heavy irony, directed at the administrator, one man grins: "The Austrians are not racist. Oh no, they are not Nazis."

The atmosphere 600 miles away, in the south of France, is only a little less chilly. Fréjus, an undistinguished, sun-speckled town of 40,000 between Nice and Toulon on the Riviera, is home to 4,000 foreigners, most from North Africa. Some are new arrivals but most have lived there for years, normally in relative



harmony with the locals.

In January, however, police swooped on a shanty town near the railway station housing immigrant workers. They arrested 12 people on arms or drugs charges and 18 for holding invalid identity documents. Municipal employees then pulled down some of the shacks. The *Front National* claimed the ramshackle village was not only a centre for drugs dealing but also an illegal

source of cheap labour for construction companies, undercutting normal pay rates.

On the outskirts of the town is the Agachon housing estate which the local FN labels a "ghetto." It is, a fairly basic, low-rise housing complex, renovated and whitewashed in the best Mediterranean style. Many second-generation immigrants living here have parents who came to France from the Magreb during the

1960s' boom. Marcel, a young mixed-race resident, tells me that one of his parents came from Africa but he has French nationality. He praises behaviour on the housing estate compared with others in the town.

Fifty miles westwards, in the port of Toulon, Jean-Marie Le Chevallier, a bespectacled European parliament deputy for the FN, who propelled the party to 29 per cent of the vote in the town in the March elec-

tions, tells a different story. Over lunch in his dusty house, he holds forth on the Front's repatriation policies. What, I inquire, would he do with Marcel? "Ask him: 'Does he love France?'" replies Le Chevallier, between mouthfuls of lamb and red wine. The implication is that, if Marcel does not, he would be deported. Le Chevallier adds: "It is less costly to spend billions to return them to Algeria and Tunisia than to have a civil war."

He claims that immigrants in France were, simultaneously, taking jobs away from the French and sponging on social security. "You earn more for doing nothing here than by working in a developing country."

As the chief destination of European immigration, Germany is at the eye of the storm. The town of Umm-Massen, an hour's drive from Düsseldorf in the prosperous state of North Rhine-Westphalia, is host to one of the country's best known refugee transit centres. Opened in 1951 for German refugees expelled from Poland, last year it was temporary home to 60,000 ethnic Germans from the former Soviet Union and eastern Europe.

Jürgen Kraska, the camp's deputy head, thinks numbers will increase this year because of "uncertainties" in the Soviet republics. He said that more Soviet Jews - given special status in Germany - are turning up at the camp, reporting anti-Semitic attacks around Moscow and St Petersburg.

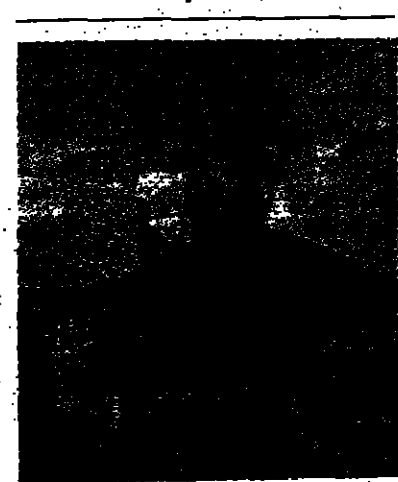
Among the roughly 2,500 inmates is Erla Enns, a wizened lady from Kazakhstan. She is glad to be here. "It is like the difference between day and night," she croaks. Peter Potempa, an engineer who says he left Poland because "nothing has changed" after the end of communism, is looking forward to getting a job in Germany. Potempa, however, speaks only Polish - and, in western Germany, jobs are growing scarcer.

To cope with growing public irritation about unkempt refugees clogging Düsseldorf, the North Rhine-Westphalian government is trying revolutionary methods to try to stem the exodus from south-east Europe. It has allocated around DM30m (£16.8m) for a programme of house-building and job creation in the Macedonian town of Skopje, and repatriated itinerant Macedonians who were camped in tents on Düsseldorf's Rhine banks. Albert Harms, the enterprising government official who negotiated the arrangement, says the deal could save money by pruning social security expenditure on social security for asylum-seekers.

Schemes like this offer a constructive way of easing migration pressures. In general, however, governments throughout Europe are tired of putting up barriers instead. As the heavens grow less secure and more unwelcoming, the tide of those seeking to come ashore shows no sign of ebbing.

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Long View / Barry Riley

Update on the bull market

UP GO those share prices. London has been following Wall Street into new high ground this week, with the *Footsie* index breaking through 2700, and even poor old Tokyo has been staging something of a rally.

There is nothing like a fall in interest rates to stimulate the stock market. Mathematically, it is worth paying more for a stream of future dividends if the alternative rewards for investment are coming down. Of course, you can argue that short-term interest rates, which fell in the UK this week, are less relevant than long-term bond yields, or perhaps the real return on index-linked gilts. However, it is spring, and there is economic recovery in the air, if not yet in the statistics.

The stock market is the most sensitive indicator we have. Other asset markets are not yet giving the same signals: the dreary old residential housing market, for instance, was still heading downwards in April according to the Halifax Building Society. The average house last month was worth 5.5 per cent less than a year earlier.

You would not expect the house market and the stock market to move precisely in line. The market in homes is very inefficient because people tend to hold their property off the market rather than accept what they consider to be unrealistic prices.

There are no market makers to cut prices to whatever level will stimulate demand. Funny enough, though, share prices at the beginning of April, ahead of the election, were running 5 or 6 per cent below their year-earlier level, extraordinarily similar to the pattern in house prices.

It takes a few weeks and months before the merchant bankers can groom their corporate clients to exploit better market conditions, but we know that several big flotations and secondary offerings are in the pipeline: they include GFA, 3i and the Daily Telegraph, while another £4bn worth of Wellcome is in the offing. Rights issues are rather more problematical to predict: after last year's huge flow of more than £10bn the pace has slackened. But it might accelerate again if the economy improves and companies become confident they will not risk debacles such as the British Aerospace issue last year.

I would be surprised if the UK stock market were to advance very much further from here, but it cannot be ruled out: markets often overshoot. And I see from a circular by Kleinwort Benson's chartist Nick Glyndon that the seasonal pattern in equities appears to have changed in the past five years so that July or August rather than May are the best months to take profits. We need a new rhyming wisdom: *sell in Jul or look*

a fool, perhaps?

With the dividend yield now down to little more than 4% per cent the market can no longer be said to look superficially cheap, given that the prospects for dividend growth over the next year or two are dreary. The yield gap over index-linked gilts has shrunk to about 0.1 per cent, compared with a typical 0.5 per cent or so over the past few years; this gap has never gone negative except in the few months before the 1987 crash, and if this reversal happens again we should take it as a warning.

The longer-term perspective is that the London stock market is now 19 months into a bull market that began in the autumn of 1990 (the precise timing being related to the Gulf crisis, however, rather than domestic factors).

Since the turn, share prices have climbed by 35 per cent, the bulk of which was achieved within the first year. We are only just emerging into new all-time high ground, and in fact the advance by the broadly-based All-Share Index is no more than 5 per cent since the old July 1987 peak. Admittedly there has actually been a fall in real terms of a substantial 23 per cent since then, but at that stage the market was seriously overvalued (a few weeks after a Tory election victory, incidentally, albeit a confidently expected one).

Another significant upward leg of the bull market will need to be supported by company profits. Earnings per share have fallen by about 8 per cent on industrials over the past year and the historic price-earnings ratio is a demanding 16.5. It would be reasonable to expect earnings per share to rise by 15 per cent this year if the economic recovery comes through on any scale, but even so the p/e would remain quite demanding. Later on the recovery seems bound to bring problems with the balance of payments and the financing of the government's deficit so 1993 could prove hard going for equities.

But I don't want to spoil a good story by adding an unhappy ending.

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MARKETS

London Markets

The only way is up — or maybe down

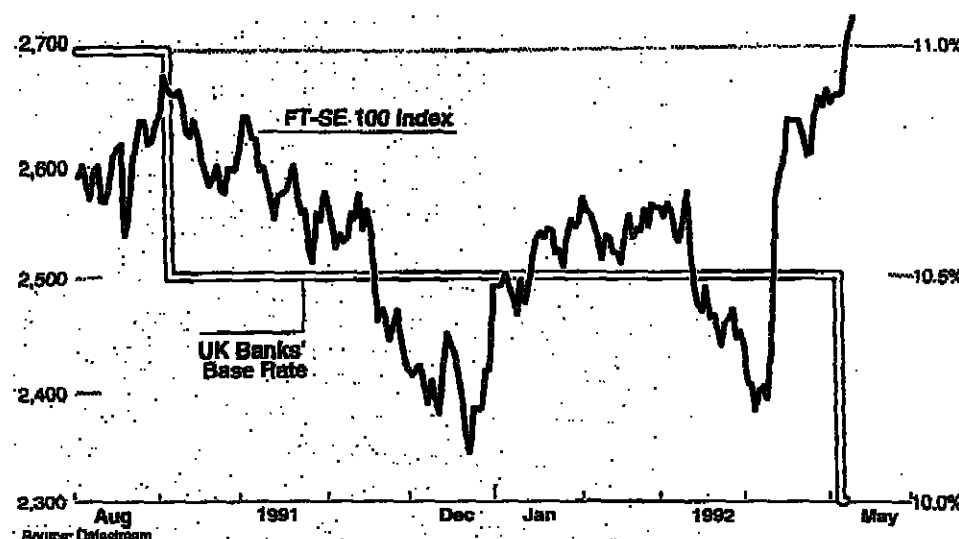
By Maggie Urry

GLOOM abounded this week. The largest all-British oil company announced its first loss. A huge property group teetered on the brink of collapse. Retailers warned that there were few signs of life in the high street. Dividends were cut or paid uncovered. And the stock market... start again.

Glorious sunshine on the May Day bank holiday set the tone for the week in the stock market. New records were set as the FT-SE 100 index steamed through 2,700 and closed yesterday at 2,725.7, up 65.9 on the week.

Base rates were cut on Tuesday morning. Sterling blazed against the German mark. Reviving consumer confidence lifted new car sales in April for the first time in 30 months. Local government election results confirmed the Tory victory in the general election.

Listen to a few stockbrokers and it is soon clear that the next significant move in the



market will be up — or, possibly, down. That's what makes a market, they say. The bulls are still charging towards 3,000; the bears are selling at best.

A record high provides a good moment to look at the two sides of the argument. As the chart shows, the last cut in base rates, in September, coincided with the market reaching an all-time high. It then retreated for the rest of the year. Will share prices follow the same pattern this time?

The bull case is that the British economy is starting to pick up, and this time that is definite. Although the revival will be slow, the UK stock market should do what Wall Street has done — anticipate the recovery.

At the same time, foreign investors are now persuaded that Britain is a politically stable place to put their money with the added prospect of a rising stock market. Cuts in interest rates attract, rather than deter, funds. Sterling rises as confidence flows in; that allows further rate cuts, stimu-

lation, and it will take concrete earnings growth before the p/e falls enough to make it worth buying again.

The bears explain this week's rise by summoning up the twin spirits of foreign buyers and squeezed market makers. As far as the bears are concerned, foreign buyers rate just above taxi drivers in their understanding of the stock market, and a squeeze on the market makers is dismissed as "technical factors".

The phlegmatic bears just see the week's rise as an even better selling opportunity. They were feeling rather exposed for most of the week, but yesterday afternoon's sale by Hanson of its 2.8 per cent stake in ICI gave a boost to the bear case.

On Tuesday the base rate cut brought an early jump in the market but the high for the day was at 8.38am. By the close the FT-SE 100 was only 2.4 points higher. That suggests that UK investors were unexcited about the rate cut once it had happened — or possibly that they had taken Tuesday off work as well as Monday.

The buying started in earnest on Wednesday as the foreign investors — the theory goes — read about the interest rate cut in their newspapers. They found the market makers short of stock and pushed the index up 36.5 points to a close just short of 2,700. Thursday was another dull day, with a 3.2 point gain just tipping the index over the 2,700 level, and then yesterday saw another surge after the local election results.

Certainly there has been little to inspire confidence in the week's company news. On the positive side, the prospect of a

real bid from Lloyds Bank for its rival Midland is still being dangled tantalisingly. That is even after the apparent setback to Lloyds of the probable different treatment by competition authorities of its bid, and that from Hongkong and Shanghai Bank.

But elsewhere there are further reports from the recession front line. British Petroleum made a first quarter loss but maintained its dividend. Trafalgar House, the property, construction and engineering group — which owns the Ritz Hotel and the Q&Z as well — halved its interim dividend in spite of an 18 per cent rise in pre-tax profits to £54m. The new dividend rate is more likely to be sustainable.

Tate & Lyle, the sweetener group, suffered a dip in interim profits, from \$94.7m to \$92m, after some years of strong earnings growth.

Retailing is still not a happy industry with Sears, the shoe shops to Selfridges group, reporting a 45 per cent fall in annual pre-tax profits to \$81.2m — and that is before the housebuilding business was pushed below the line. British Gas discovered what it is like to operate in the new low-inflation environment, when it was told by its regulator to cut prices.

Analysts estimated a 2p a share cut would knock \$250m from annual profits of over £1bn.

Meanwhile, in the casualty ward, Olympia & York, with property assets which could be called liabilities, and WPP, whose assets go home every night, both think their banks would like to swap some of their loans into shares. Is that top of the market talk?

Serious Money

Doublespeak in the finance game

By Philip Coggan, Personal Finance Editor

MY OLD friend Professor Walt Anschutz was very excited when I saw him this week, as he prepared for his annual lecture on doublespeak to the Winston Smith society.

"There are some very innovative uses of language at the moment," he exclaimed. "I think I may have a chance of the Nobel prize in surreal semantics. Take a reduction in UK base rates this week by chancellor Norman Lamont. I saw one tabloid paper announce that millions of homeowners were given a welcome cut in mortgage rates as a consequence."

"What was wrong about that?" I asked, innocently.

"It was a bit premature. Most lenders that announced a cut made one for new borrowers only. And in the current state of the housing market, there are hardly any new borrowers. All that good publicity will cost the societies, as you say in England, only tiny spuds."

"So what will happen to existing borrowers?"

"They will have to wait. A change will be announced in due course, as they say, which probably means a month or two before their bills fall. Meanwhile, savers are going to see their rates reduced almost immediately. Although, of course, it will not be described as a cut."

"Take two advertisements from the Halifax this week," said the Professor, pulling some clippings from his white coat. "How low can you get, asks the first, following it up with the words (in bold type and capitals) 'new reduced mortgage rates'. But the second says merely Notice to Halifax customers, with underneath the words (in restrained type) 'Halifax Building Society announces the following changes to interest rates. No mention of a cut, or a reduction at all.'"

"At least the Halifax is

advertising its changes," I pointed out. "Remember all those societies which replaced their old accounts without letting their customers know? That's another good piece of doublespeak — societies are run for the benefit of their members."

"Indeed," the Professor pointed a finger at me accusingly. "You never told me what an exciting field you worked in. The financial services industry could hold a gargantuan gala of gobbledegook every year. Take bonus rates on endowment policies, for example. There has been a round of bonus cuts on those policies. But do the companies call them cuts? No. They are described as adjustments."

"Even National Savings is not immune," he continued. "The recent ads for its capital bonds had the rate — then 11.5 per cent — in big letters. Investors were told that they had to pay tax on the interest every year, but what was not clear was the fact that no income is paid out. You only receive the return when you cash in the bonds. So an elderly investor who wanted income every year might have been disappointed."

"And then there was an advertisement from the Home-owners Friendly Society. It offered a bond where you could take up to 15 per cent income a year. Sounded a great deal. But, of course, unless the bond performs extremely well, then taking as high an income as that would cause a decline in your capital."

"Didn't the ad refer to that risk?" I asked.

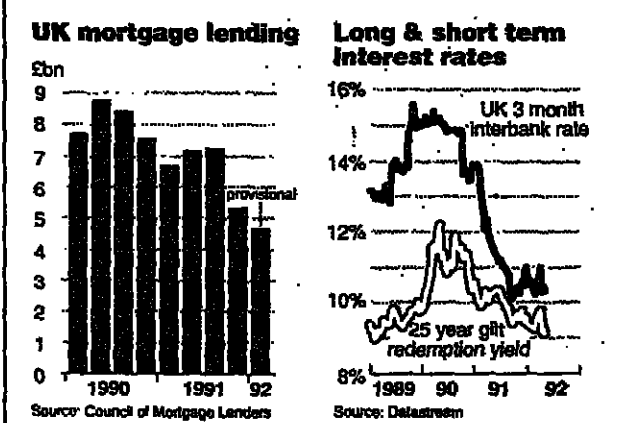
"Well, it did say that taking an income which is greater than the growth rate would reduce your capital over time. In fact, it would reduce your capital straight away. The unsuspecting investor might get a very nasty shock."

"So what can the poor consumer do, Professor?" I asked.

"My new book, 1994 ways to confuse the financial services

HIGHLIGHTS OF THE WEEK					
	Price	Change	1992	1992	
	1 day	on week	High	Low	
FT-SE 100 Index	2725.7	+65.9	2734.8	2382.7	Interest rate cut/recovery hopes
Ametrad	30 1/2	+5 1/2	41	23	Recovery prospects
BET	162	+20	216	106	Warburg 'buy' recommendation
Bass	645	+40	650	491	Economic recovery hopes
British Airways	283	-10	295	219	Rights issues fears
BP	251 1/2	-18 1/2	304	239 1/2	Disappointing figures
EuroMoney Publicists	785	+112	788	553	Impressive profits
Glaxo	777	+57	943	708	UK approval for Zofran
Granada	285	+15	286	192	Smith/Norman 'buy'
JLI	135	+20	135	105 1/2	Successful rights issue
Lex Service	268	+34	268	185	Improvement in car mkt predicted
Sears	99	-6	113	89	Poor trading performance
Smurfit (Jefferson)	590	-33	670	575	Gloomy trading statement
Thorn EMI	884	+33	884	704	Strong leisure stocks
Vodafone	369	+20	385	300	Kleinwort positive

AT A GLANCE



Housing market still gloomy

Hopes for a quick recovery to the housing market still look far off as lending for house purchases continues to reveal a steady decline. Quarterly figures released this week were described by the Council of Mortgage Lenders as "very subdued". They show that net new lending by banks, building societies and other financial institutions for house purchases dropped in the last quarter to £4.6bn compared with £5.4bn in the last quarter of 1991. The Halifax house price index, also released this week, fell by 0.4 per cent last month. The building society said that, "even adjusting for seasonality, the trend in house prices also remained weak." UK house prices are now 5.5 per cent below this time last year.

Yield curve flattens

The cut in base rates this week further narrowed the gap between short and long term interest rates (the yield on long-dated gilts). For a long time, it was standard for short term rates to be below long term — in the jargon, a positive yield curve — but in recent times a negative yield curve has been the norm. Forcing short term rates any lower will probably require a similar move in Germany.

Charity donation limit cut

The minimum limit for donations to charity which receive tax relief under the government's gift aid scheme is to be reduced from £500 to £400, as planned in the Budget. In answer to a parliamentary question, Sir John Cope, Paymaster General, said the forthcoming finance bill would change the limit with effect from May 7. The rules governing tax relief on some charitable covenants will also be relaxed — to allow charities to continue receiving relief after the four year renewal date — from the same time.

Britannia ends share deal service

Britannia Building Society is stopping its share dealing service with effect from May 31. The society says it has seen a significant drop in turnover and feels that there is a lack of consumer demand for the service, which was introduced at the time of the privatisations. No new transactions will be accepted from May 18 and the society is rebalancing customers the initial administration fee they paid to open a sharedeal account.

Watchdog changes name

The Investment Referee is changing his name. He will now be known as the Investment Ombudsman. But he will still deal with complaints from clients of companies which are members of the Investment Management Regulatory Organisation. A free leaflet which explains how to complain about an IMRO member is available from: The Office of the Investment Ombudsman, 6 Frederick's Place, London EC2R 8BT.

Smaller companies rally

Small company shares continued their recent rally this week. The Moore Govett Smaller Companies Index (capital gains version) rose by 2.2 per cent to 1278.32 over the seven days to May 7, while the County Small Companies Index also rose 2.2 per cent to 1008.1 over the same period. This week, Perpetual is launching a smaller companies unit trust which has an initial charge of 5.25 per cent and an annual fee of 1.25 per cent. Minimum initial investment is £1,000 and there is also a savings scheme option of £100 a month.

SIGHS OF relief rumbled round Wall Street all week.

First, there were no more riots, only the bad repair-work which followed one of America's most woe-filled weeks. Second, there were no surprises on the economic front, just further confirmation that the nation is inching its way out of recession.

The one disappointment was the absence of any additional reduction in interest rates. By mid-week, hopes that the authorities would insure against any slackening in the recovery by easing credit further had become widespread. This could have had the effect of pushing down competing yields, giving the stock market a compensating jolt.

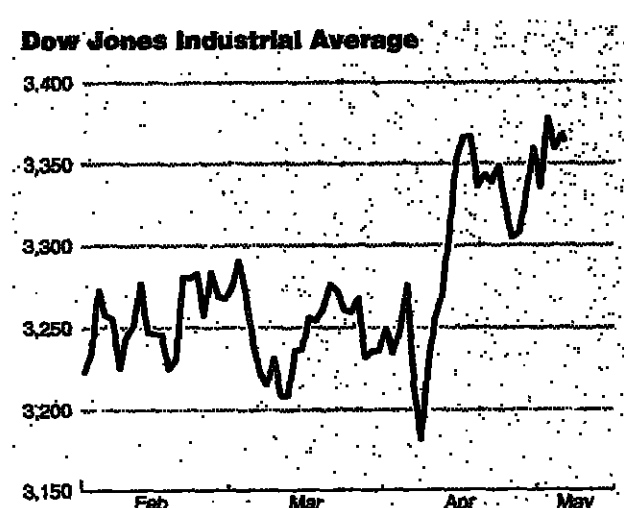
But it was not to be — and on the economic evidence unveiled last week, such action would barely have been justified, weakness in US money supply figures notwithstanding. On Thursday, for example, the nation's retailers, reporting April sales figures, showed fairly heartening

advances. A day later, the April jobs data also demonstrated a more healthy trend.

On the retail front, comparisons are muddled by the shift in Easter spending from March to April. It was generally the best spring weather so far in 1992 and to the impact of the Gulf War on consumer confidence last year. But those caveats aside, most of the big retail chains saw same-store sales rise by anything from 5 to 13 per cent.

Only Sears, Roebuck, the troubled Chicago-based group whose management has been the target of shareholder dissatisfaction, moved in the wrong direction, posting a 2.1 per cent drop. It was severely the best argument against Sears' annual meeting next Thursday, and the group's shares eased to \$24 on Friday morning, down \$1 on the week.

Friday's unemployment figures were equally upbeat. Non-farm payrolls grew by 126,000 last month, while most pundits had predicted a fall. It would remain static. But surprisingly, the bond market weakened initially —



although, by lunchtime, the long bond yield was still shy of the 8 per cent mark. Most pundits believe that the relatively strong employment report will stay the Federal Reserve's hand in the immediate future, although views differ on whether another easing is now ruled out in the future.

If interest rate reductions are postponed (or omitted), it seems unlikely that Wall Street will show much progress.

The Dow Jones Industrial Index moved to a new high of 3,378.13 by Monday's close, in part a reaction to Friday's sell-off and relief that rioting in Los Angeles had stopped. But, despite the subsequent interest rate speculation, the stock market failed to follow through in any of the following sessions. Instead, the Dow yo-yoed its way to the 3,365 mark by Friday lunchtime. "Even the rampant bulls have to be concerned about the lack of follow-through," commented one trader.

Signs that a plateau has been reached may be most apparent in the new issue market. In the first few months of the year, this became a hubbub of activity as companies rushed new equity to the market, tapping eager investors for much-needed capital.

This week, however, Payless Cashways, a well-known

building materials retailer which was taken private via a management buyout in 1989, joined a lengthening list of companies which have recently cancelled stock market flotations. The company, which had planned to raise over \$400m, cited market conditions.

The Payless action follows that of GPM Gas, a unit of Phillips Petroleum, and seems to confirm fears that the new issue market is turning sticky. There is, moreover, the huge \$2bn-plus General Motors issue to get away later this month, while recent estimates have suggested that the total backlog of shares still up for sale tops \$15bn.

Somewhat, supply and demand do not seem to be in the same happy proportions which drove the market upwards earlier this year.

Nikki Tail	
Monday	3878.13 + 42.04
Tuesday	3888.26 + 10.13
Wednesday	3899.40 + 11.14
Thursday	3863.37 - 6.04

The Bottom Line

BAT runs smoke rings round history

WHEN BAT Industries reported a 14 per cent rise in first-quarter pre-tax profit on Wednesday, you had to pinch yourself to remember that it was only two years since Sir James Goldsmith abandoned his attack on the conglomerate.

The "unbundling" of retailing and paper now seems like ancient history and no one any longer raises an eyebrow at the incongruity of BAT's remaining twin pillars of tobacco and financial services. The share price performance — beating the FTA All-Share Index by 20 per cent since the beginning of March and hitting a high of 807p last night — is evidence that the strategy has paid off.

But with Eagle Star, the insurance subsidiary, making terrible losses in the mortgage business, the improved perception of the group owes more to the relentless rise in tobacco profits (see chart) than to the newer, fancier financial ser-

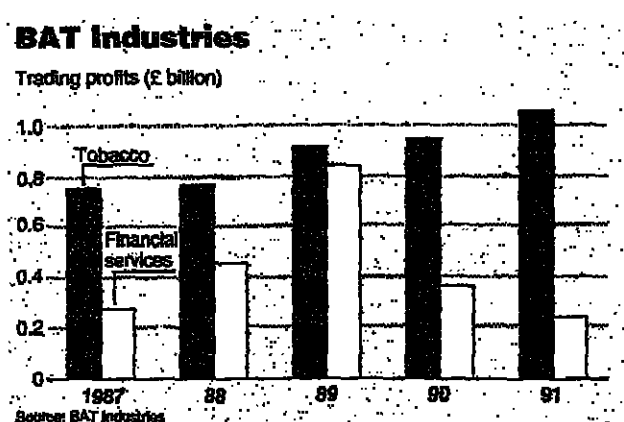
vices wing — which cigarette cash has helped to fatten.

An interesting statistic that did not make it into this week's presentation was that in the past five years, the world market for cigarettes open to international producers has increased from 1.7 trillion (thousand billion) to theoretically encompass the whole market of 6.4 trillion — including China, which remains difficult to penetrate.

The growth has come from the ending of state monopolies in various EC countries, the opening up of the Far East under US trade pressure and the lifting of the curtain on eastern Europe.

Fueled by such US and UK brands as Kent, Lucky Strike and State Express 555, export volumes rose by 18 per cent in the first quarter.

The potential for increasing penetration of new markets is illustrated by Japan, where the proportion of imported cigarettes smoked has risen from 3



per cent to 17 per cent.

A few years ago, it would have been regarded as both tasteless and financially unsound to talk in a bullish fashion about the prospects for tobacco. The spreading of concern about the health risks was deemed to have turned the market "ex-growth". Now, however, financial sentiment has changed. The very bottom

line is that BAT has been able to continue increasing dividends in spite of the problems at Eagle Star, enabling it to be compared favourably with the composite insurers.

Nevertheless, the fall in the trading profit of continuing businesses, from £1.78bn in 1989 to £1.27bn last year, suggests that the diversification into financial services has been

far from smooth. When the division's performance is broken down between the three main subsidiaries it is easy to spot the culprit: Eagle Star made a trading profit of £294m in 1989, but lost £282m last year. Meanwhile, Farmers Group, the US insurer bought for \$5.2bn (£2.93bn) in 1988, increased profit from £37m to £269m and Allied Dunbar, the life business, chugged ahead to £121m from £107m.

As Farmers was bought for cash, the financing cost has been substantial. In the first quarter it knocked about 40 per cent off a record trading figure of more than £100m.

Even the debacle at Eagle Star is now seen in a relatively sympathetic light. Although it paid partly for its aggressive-ness in the mortgage indemnity market, the whole industry was caught out by repossession and falling house prices.

Eagle Star is now credited with moving towards lower-risk personal lines, with making the necessary premium increases to start rebuilding margins and with tackling the issue of distribution, which in the UK is typically done indirectly, through brokers.

Recovery potential in financial services gives BAT two strong cards in the BAT rating game: steady growth from tobacco and bounce-back in the recession-hit part. Hence the high share price.

Has it gone far enough? At last night's close of 807p, the prospective price-earnings ratio was 15 to 16 on a pre-tax profit forecast of about £1.5bn.

The premium of roughly 10 per cent to the market looks deserved, bearing in mind the above-average yield and prospective dividend growth ahead of inflation. While scope for progress from a high point is limited, smokers would have done well to put their money where their mouth is.

Jane Fuller

FINANCE

El Dorado:
the search
goes onPhilip Coggan on the risks and
rewards of emerging markets

FOR HUNDREDS of years, explorers and investors have dreamed of faraway cities, with streets paved of gold. And in the 1980s, there is a school of thought which argues that real riches can be found, not in the stock markets of developed countries such as the UK and the US, but in the shares of emerging markets further afield.

Profits have been discovered already. In 1991, Latin American Investment Trust was the best performing of all investment trusts, and the list of top ten trusts over the five years to end April includes both Abraxas's Far East Emerging Markets and the Prosperity Emerging Markets funds.

The arguments for investing in emerging markets are simple. These countries have higher economic growth rates than the developed world, and this should continue, thanks to rising life expectancy and improving education.

The developing countries produced a 5.9 per cent GDP growth rate from 1985-90 and 4.3 per cent during 1990-91, according to the World Bank; the equivalent figures for the industrial countries in those periods were 3.7 and 3 per cent respectively.

The stock markets of emerging countries represent a much smaller proportion of their gross domestic product than their equivalents in the industrialised world. Many emerging countries are introducing "free market" reforms to encourage the growth of the private sector, and are opening their stock markets to foreign investment. In short, these economies are dynamic and should provide more opportunity for profit than countries in the staid West. After all,

Japan was an "emerging market" in the 1960s.

But there are dangers. The underdeveloped state of these stock markets means that trading is illiquid, which may mean sharp swings in prices. Shares can easily fall or rise by 10 per cent in a week.

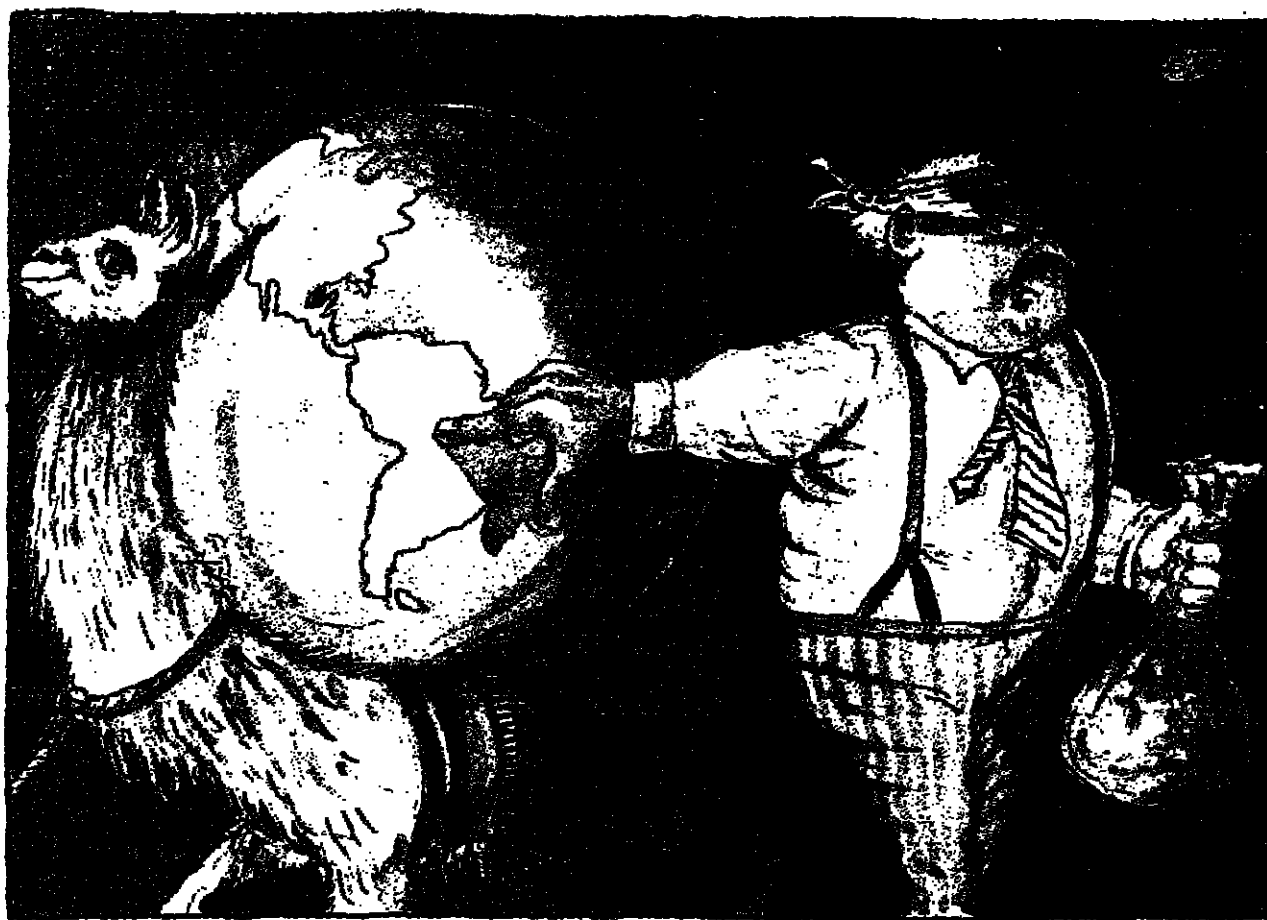
There is no universally agreed definition of an emerging market. In recent listing particulars from Templeton Emerging Markets Investment Trust, an emerging market was defined as a nation with a low or middle income, or one where stock market capitalisation is less than 2 per cent of the world index. Over 75 per cent of the world's population live in such countries, according to Templeton.

The vast majority of these emerging markets are found in three areas: Latin America, south east Asia and the Mediterranean. African and eastern European countries are seen as prospects for the future, but investment is still limited.

The areas in the minds of many investors, Latin America is probably still associated with hyperinflation and military coups. But, according to William Calvert who runs the Prosperity Emerging Markets trust, "the whole financial structure of Latin America has been redesigned."

Market reforms have been introduced and democratic regimes are in place in many nations. "South America has been reverting to the promise of the 1950s and 1960s," says James Fairweather, who manages Martin Currie's emerging markets fund. "The region lost its way in the 1970s, and the economy went nowhere in the 1980s," he adds.

The huge rises in Latin American share prices last year - the Argentinian market



was up 400 per cent in 1991 - might seem to suggest that private investors have missed the boat. But Audley Twiston Davies, of Latin American Securities, says the amount of foreign money which has moved into Latin America has been relatively small. While many institutions will have a stake in one Latin American company, very few will own shares in ten.

Davies says that some Latin American markets still look good on fundamental grounds, citing Mexico where earnings growth is expected to be 25 per cent and the prospective price-earnings ratio is only 12.

The dynamism of the South East Asian economies has been appreciated by outside investors for some time. Many of the so-called "tiger economies" are candidates to repeat the Japanese performance. And recently, investors have become excited by prospects for China, which seems to be opening up to economic, if not democratic, reform.

Although there are a few quoted Chinese companies, the common route for those wishing to invest in China has been

via Hong Kong companies with operations on the mainland. That has helped push Hong Kong shares to all-time highs.

Scott McGlashan, who runs Perpetual's Asian smaller markets fund, has been taking some profits from Hong Kong but is still optimistic about the prospects for south east Asia, since he believes the region should benefit from a US economic recovery.

How to invest. Investing directly in stocks in this area is out of reach of all but the wealthiest. For most investors, a collective fund (unit or investment trust) is the obvious route.

There are three sorts of fund. In roughly descending order of risk, the first is an individual country fund; the second is regional; and the third is an emerging markets trust, which invests across the world.

But just because an emerging market fund invests in a wide range of areas, that does not mean it is immune from decline. The stock market crash of 1987 showed that markets round the world could be affected by the same event. A breakdown in the Gatt talks on

world trade might affect sentiment badly, suggests Angus Tulloch, who manages the Stewart Ivory new Pacific trust (although he is very positive for Asian shares on a five to ten year view).

However, a broad fund seems the logical first step in this field. Brian O'Neill, who runs Gartmore Frontier Markets fund says: "Areas which are favoured of the month can come and go. Latin America is currently in fashion but in 1989 it was Turkey and Greece. We think the retail client wants a broad interest in emerging markets."

Having chosen the geographical scale of the fund, the investor also has to choose between a unit and investment trust; each has different attractions. A unit trust offers the retail investor the ability to sell at net asset value at any time. But that very liquidity can cause a problem for the fund manager, who may be forced to sell stocks at rock bottom prices in declining markets in order to meet redemptions. Thus unit trust performance can be hit hard in declining markets.

The investment trust manager does not face that risk - he can afford to leave his portfolio untouched through a bear market. But the risk is passed on to the investor. If the country or region falls out of favour because of a declining stock market, the investor may find that not only does the asset value of the trust decline, but his shares fall to a discount. So the investor suffers a "double whammy".

There are six emerging market investment trusts, although only two have records lasting three years - and both have shown declines over that period. However, Templeton Emerging Markets has a very good two-year record, with 76 per cent growth (mid-market to mid-market with income reinvested) and Latin American Investment Trust was up 64 per cent over the last year.

Among the unit trusts, bid-offer spreads tend to be slightly higher in this market (the average for the ex-Japan Far East funds is 6.3 per cent) so investors' money will have to work harder to make a profit.

More bait for
home buyersFirst-time home buyers are getting
better deals, says David Barchard

THERE was good news for would-be home buyers this week as Halifax, Abbey National and Nationwide, the three largest UK mortgage lenders, trimmed their rates in the wake of Monday's cut in bank interest rates.

Halifax cut its standard mortgage rate 0.3 percentage points to 10.65 per cent. Most other building societies will probably move rates down in line with Halifax to around 10.65 per cent or 10.7 per cent.

The good news was mainly for new customers. Existing customers of most lenders will have to wait for another month or two for the new rates to apply to them.

The banks and centralised lenders also face strong pressure to bring their rates down in line with the societies. With interest rates low on the commercial money markets, the centralised lenders ought to find it easier to compete with the building societies, which fund their loans mainly out of savings placed with them by their customers.

UCB Home Loans, for example, cut its variable interest rate for new customers by 0.51 percentage points to 10.99 per cent. Existing customers are promised a cut before too long. But this "new rate", it is worth noting, is only what most lenders were offering as long ago as January. Most other centralised lenders are also still lagging the societies on their variable lending rates and are trying to conceal this gap by filling their shop-window with tempting fixed rate offers.

When the cuts feed through to existing borrowers, they are unlikely to make a huge difference to their personal finances. The Halifax rates are worth, for example, between 25 and £10.50 a month on a £50,000 mortgage. The cuts should encourage the market and help housing sales revive. If house prices start to strengthen, existing mortgage customers will benefit, especially those who have

postponed a move until the housing market recovers.

So the lenders are trying to find ways of tempting new borrowers into the market. If you are about to take out a mortgage, you can look forward to a discount which might take your mortgage interest rate, for the first year at least, below 9 per cent.

Abbey National offers a discount of up to 1.75 per cent to first-time buyers. It also charges less as the size of loans increase. Under its new rates, mortgages of up to £50,000 will be cut from 10.5 per cent to 10.7 per cent; £50,000 to £100,000 loans from 10.55 per cent to 10.2 per cent; and mortgages above that from 10.4 per cent to 9.99 per cent.

However, many new borrowers will be more attracted by the thought of a fixed rate mortgage. There are a number of these around offering rates of less than 9 per cent.

A lot of these fixed rates are only for a year. Northern Rock has a fixed rate of 8.95 per cent until August 1993. But to take advantage of it, borrowers must have a loan to value ratio of less than 70 per cent and must take out buildings and contents insurance from the society.

If you want a longer term arrangement, you will have to go above 9 per cent.

Chase de Vere, the mortgage brokers, is offering a mortgage fixed for one year at 9.5 then capped at 10 per cent for the following two years. This is available for repayment, endowment, pensions, and Pep mortgages. There is an arrangement fee of £150 and three months additional interest payments for early redemption of the loan.

First time buyers should bear in mind that the latest generation of fixed rate mortgages was designed in the wake of the election and since then the market has become more optimistic. The trickle of lenders offering rates under 9 per cent to new buyers could become a torrent soon.

The Ascent of the
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LAUNCH BONUS
OFFER CLOSES
15th May '92

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At Perpetual, we're confident that smaller UK companies are poised for a period of growth. That's why we're launching the Perpetual UK Smaller Companies Fund, which will concentrate on prime performers worth up to £200 million.

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If you look at the performance history of smaller UK companies, the facts speak for themselves. Over the last 37 years, the Hoare Govett Smaller Companies Index, which mainly covers companies worth up to £200 million, has outperformed the FT All Share Index by an average of 4.5% a year.

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Investing in UK smaller companies NOW represents a significant opportunity... and so does our introductory offer to mark the launch of the Perpetual UK Smaller Companies Fund, we're offering you a 1% Discount in the form of additional units. But hurry! This offer is only available during the one-week launch period (9th-15th May 1992). So contact Andrew Brownlow on 0491 417221, or send for a prospectus today.

Remember that the price of units and the income from them can go down as well as up, and that past performance is not necessarily a guide to future performance.

To Perpetual Unit Trust Management Limited, 48 Hart Street, Hove, East Sussex, BN1 1GB. Tel: (0491) 417221. Please send me a prospectus on the new Perpetual UK Smaller Companies Fund. (Prices under 10p each.)

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National Savings cuts its rates

from a taxable 9.5 per cent to 8.5 per cent on May 19.

■ **Deposit bonds.** The variable return on these bonds, which are no longer on sale, will be cut from a taxable 10.25 per cent to 9.25 per cent on June 18.

The building societies will make their own rate revisions. In the light of the Chancellor's announcement, and investors may well find that these National Savings returns are still highly competitive.

Philip Coggan

Expatriates

Living times come...

DOES YOUR overseas home qualify as job-related accommodation? If so, and you maintain residence in the UK – particularly one on which there is a mortgage – you could be in line for special treatment for capital gains and income tax.

While you are neither resident nor ordinarily resident in the UK, you are not subject to British tax on any capital gains you may realise – apart from gains arising from assets used in a UK business. But a tax liability remains for resources which you intend to retain beyond the date when you resume UK residence. This is particularly true for property.

Your principal residence will be exempt from CGT and, while the basic requirement for full relief is continuous residence, there are special rules for expatriates.

These provide that, if a prop-

erty is non-resident although it does then become difficult to fit yourself within the rules.

Nevertheless, you will obtain relief if the property is used wholly or to a substantial extent as your principal residence – which means that you or your spouse and family must live there for six months a year or more.

If, as in most cases, that is not feasible, you might nevertheless benefit from the provisions of extra statutory concession A27. This extends the relief to properties used as residences before departure overseas and which are expected to be so used on return.

However, all *except* Crown Servants, the absence overseas must not be expected to exceed, and must not in fact exceed, four years.

The fact of living in job-related accommodation overseas, plus the intention to take up residence in the UK prop-

So what then is job related accommodation? For employees, it is accommodation provided by the employer in the course of employment where it is necessary for the proper performance of your duties; or where it is provided for the better performance of your duties, and it is justifiable for employers to provide accommodation for your job; or where there is a special threat to your security.

But it would be a mistake to think that merely living in company property or having accommodation provided as part of your salary package, entitles you to special treatment. The rules are strictly applied by the Revenue which will



This is sometimes known as the "past service reserve" and is likely to be larger than the cash equivalent because it projects pay in the future.

However, determining what should be used as a basis for valuing the pension if it is to be divided will not solve a further problem, which is that a man's second wife will collect his pension benefits. Basing the value of the pension on the whole of the husband's past pensionable service risks reducing the benefits to the second wife and giving too much to an off-divorced wife.

The alternative to calculating the value of the pension at the date of divorce (or separation) would be to follow Scottish law, where pension rights that can be shared are limited to those arising during the length of the marriage.

Scheherazade Daneshkhan

Investor hits at bonus cut

ager at Friends Provident, who acknowledges that announcements on rates are usually made at the beginning of the year, said that the decision was taken after a valuation report prepared for the Board in April. "We said in December 1981 that we were entering a period of lower returns as a result of low inflation. The year saw the return of the Conservative government and therefore a commitment to the Exchange Rate Mechanism."

Lerner is unimpressed, particularly since the stock market reached an all-time high last week. "You could argue that when inflation and interest rates are low, then the stock market might take off, people look for investment alternatives. We were in the ERM in January, Labour was committed to keeping us in and Friends Provident made cuts in January. What has changed between January and now to justify further cuts?"

**Scheherazade
Daneshkhan**

While this treatment carries a considerable value, many expatriates may view the question of whether or not they are entitled to MIRAS (mortgage interest relief at source) as a more immediate concern. You are not dissatisfied if MIRAS relief merely be-

On Tuesday, Marks & Spencer, which has been riding the rough trading better than most, is likely to edge profits per cent higher to 263.5m. The company is expected to make an announcement about the future of its loss-making Canadian operations. M and S's solid cost base and professional management skills should have enabled it to combat the effects of a weak share price.

loss of market share. But can the company, which has been widely praised for its aggressive worldwide expansion program, survive the onslaught of the big supermarket chains? One of these, J. Sainsbury, is likely to boast of a more buoyant trading picture, the profits for the day as annual profits are likely to surge by more than 50 per cent to the £610m mark.

However, Burton Group, the well-stored fashion retailer, which has seen two chief executives depart in as many years, is only likely to confirm the pattern of its recent grim trading fortunes when it reports on Wednesday. Morgan Stanley suggests interim profits will average £20m - with only a total dividend.

Grand Metropolitan.

food, drinks and retailing group, is expected on Thursday to lay the foundations for the further "upside" of the year, as promised by Sir Allen Sheppard, the chairman. A 3 per cent rise in interim pre-tax profits to about 2930m is forecast with IDV, the drinks division, leading the way.

British Gas is expected to report a drop in its first quarter net income on Thursday to 2630m from £723m in the same period last year. The company saw profits eroded by warmer winter weather and lower gas production at its Morecambe

Anglo-Dutch oil company, is estimated to have made a profit of \$865m in the first quarter on a replacement cost basis which strips out stock losses and gains – half the level made in the same period in 1991. The company is expected to be hit by a weakening in refining margins, particularly in the East.

Two UK composite insurers report their first-quarter results next week, with both are expected to show some improvement. Analysts expect **Royal Insurance to loss** between \$35m and \$60m compared with a \$63m deficit in 1991. General Accident's losses are expected to be between \$35m and \$50m (compared with a \$75m loss).

Company bid for	Value of bid per share ^a	Market price ^b	Price received bid	Value of bid time ^c	Notes
Prices in \$100 unless otherwise indicated					
BHH	35 ^d	35	34	21.34	ML Group
Crescent	45 ^e	44	49	7.31	AFS SA
Dowdy	219	187	145	546.95	TI Group
Lawrence (W.) & Co., Pk. A	67	67	73	32.59	Ralph Inc.
Midland	37/95	367	321	103.74	Lloyds Chemicals
Microtel	141/11	128	115	18.76	Maggitt
Milward	41/99	390	372	3,229	HIPC
Petruy & Gilbe	37 ^f	34	35	35.80	Bowthorpe
Polymark Intl	164 1/2 ^g	163	151	5.06	Polytechnic
Da. Pk. A	475	491	742	382.32	Redmond
Staley	106	154	177	18.01	Peterson
Wilkes (J.)	225 ^h	221	195	60.50	Seash (Robert)
Worcester					

^aAll cash offer, ^bCash alternative, ^cFor capital not already held, ^dUnconfronted
^eBased on 2.30 pm price 1/5/92, ^f9.5Share & cash.

PRELIMINARY RESULTS						
Company	Year to	Pre-tax profit		Earnings*		Dividends per share
		(2000)	(2001)	per share	(p)	
Abstract New Thal	Feb	2178	(2405)	1.44	(1.58)	1.0 (0.1)
Barco Group	Mar	1880	(1,890 L)	3.0	(-)	-
Bank Holdings	Jan	18	(2,173 L)	0.1	(-)	-
Beattie (James)	Jan	7,730	(9,000)	11.3	(10.3)	5.75 (5.6)
Beacom	Dec	515 L	(2,440 L)	-	-	-
BESS	May	515	(1,100)	5.1	(11.5)	4.7 (4.4)
Bestco Filings	Dec	3,000 L	(6,210)	-	(20.1)	5.3 (4.3)
Confinitone Stationary	Apr	1,140	(1,280)	4.18	(5.18)	2.4 (2.4)
Co-op Retail Services	Jan	354,400	(322,600)	-	-	-
Crescent Hedges	Dec	11,300	(5,000)	10.7	(4.7)	0.7 (0.2)
Delek Corp	Jan	524	(914)	3.32	(4.41)	1.4 (1.4)
Forward Group	Dec	622	(955)	5.69	(8.95)	2.5 (2.5)
German Smelter Co's	Mar	2128	(1968)	1.18	(1.04)	1.1 (1.1)
Highcroft Inc	Dec	660	(1,000)	6.6	(10.0)	5.5 (8.5)
Highgate Jet Sports	Nov	9,600	(9,200)	16.1	(14.7)	5.5 (5.5)
Jarvis	Dec	238	(1,000)	0.8	(4.2)	0.57 (2.0)
LIT Hedge	Dec	1,290	(344 L)	-	(-)	-
Precision Int'l	Mar	2,410 L	(1,270 L)	-	(-)	-
Reckitt Benckiser	Jan	720 L	(500 L)	-	(-)	-
Sears	Jan	81,200	(148,900)	4.2	(7.5)	5.35 (5.35)
Sileneight Hedges	Jan	12,400	(11,500)	7.9	(16.7)	8.0 (7.0)
Smartell (Jefferson)	Jan	157,500	(173,000)	49.7	(20.9)	2.2 (16.9)
Time Products	Feb	7,593	(9,307)	12.9	(12.15)	7.5 (7.2)
Tonka	Feb	1	(56 L)	0.33	(-)	0.25 (0.25)
United Union Serv	Dec	3,400	(2,860)	70.1	(122.9)	3.0 (1.1)
Upton & Southern	Jan	2,860 L	(1,430 L)	-	-	-

Company	Half-year to	Pre-tax profit (2000)	Interim dividend ^a per share (p)
BAT Industries	Mar/00	202,000 (230,000)	-
Bellway	Jan	5,500 (3,400)	4.0 (4.0)
BP	Mar	61,000 £4 (10,000)	4.2 (4.2)
Bass Exploration	Jul/00	5 (49 £40)	-
Dickie (Jan)	Feb	95 £1 (57 £1)	-
Engle Star	Mar/00	40,000 £1 (2,000 £1)	-
Euroconomy Pub	Mar	4,620 (3,260)	8.0 (8.0)
Glasgow Investors	Mar	5600 (3600)	1.2 (1.2)
Leisure Report	Feb	22 (22)	-
MMT Compiling	Feb	712 (67)	1.1 (1.1)
Morgan Gren Equify	Mar	3225 (£1)	1.0
Morland & Co	Mar	3,060 (2,350)	2.42 (£1.1)
Par Franchise Dev	Mar	14,420 (1,000)	-
Overseas Int Ltd	Mar	4,695 (2548)	0.8 (0.73)
PWS Holdings	Mar	2,000 (3,700)	1.5 (1.7)
Royal Bank of Scot	Mar	48,000 (72,400)	2.8 (£2.0)
Sanderson Elect	Mar	1,500 (1,000)	0.6 (0.6)
Smith & Hughes	Mar	31,100 (28,800)	-
Stanhope Properties	Dec	15,300 £1 (33,800 £1)	-
Tate & Lyle	Mar	92,000 (94,700)	4.0 (3.7)
Titan Holdings	Mar	842 (623)	1.19 (1.05)
Tridinger House	Mar	54,000 (45,500)	4.4 (3.8)
Yendish Plast	Jan/00	95	-

(Figures in parentheses are for the corresponding period).
 Dividends are shown net pence per share, except where otherwise indicated. L.
 loss. * = Figures quoted in Irish pounds & pence. # = Net loss/profit. = Fig.
 quarter figures. \$ = Net revenue. % = Net income. @ = Figure for four months.
 = Gross profit.

RIGHTS ISSUES

Belcoem is planning to launch a 22m-23m rights issue before the end of June.
 Folcores may try to raise £12.5m via a 1-for-5 rights issue at 57p.
 Glynco will try to raise £12m via a 1-for-5 rights issue at 58p.
 Virentia may try to raise £15.5m via a 1-for-1 public issue at 100p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Hughes (TJ) is to join the USM via a placing of 11m shares at 75p, raising £8m.

RESULTS

Company	Announcement due	Dividend (p)		
		Last year		This year
		Int.	Final	Int.
FINAL DIVIDENDS				
Allied Irish Bank	Wednesday	3.5	4.25	3.6
Bank of Ireland	Thursday	4.0	7.0	3.23
Bank of Scotland	Monday	-	0.8	-
City of Oxford Inv Trst	Wednesday	0.93	1.46	1.12
Connaught-Clynelagh Inv Trst	Tuesday	-	2.25 ¹	2.25
Devonian Tyne	Thursday	-	1.0	-
Edison	Thursday	-	-	-
Elmhurst	Monday	2.2	0.38	0.22
Ever Art Developments	Thursday	0.25	7.15	0.27
Fluor (Canada)	Thursday	0.0	2.0	2.0
Fraserburgh Oil & Gas	Wednesday	-	-	-
Foster (John) & Son	Thursday	-	0.5	-
Galco (Atlantic G)	Monday	-	2.75	-
Hartpools Water Co	Thursday	-	-	-
Hartpools Group	Wednesday	-	-	-
King & Sherrin	Thursday	1.25	2.0	1.67
London & Associated Inv Trst	Thursday	0.25	2.5	1.75
London Alliance Inv Trst	Monday	0.05	0.66	0.05
Manville Ridge	Thursday	0.72	2.08	0.75
Marika & Spencer	Monday	0.20	4.7	0.1
Parkestrand Textile	Tuesday	2.0	2.7	2.1
Personal Assets Trst	Monday	1.5	1.0	1.0
RIT Capital Partners	Monday	0.76	0.85	-
Selsborough (I)	Thursday	2.44	-	-
Smith St Austyn	Wednesday	2.1	5.25	2.4
South Saskatchewan Water	Thursday	-	-	-
Tulane Oil	Friday	-	-	-
United Energy	Friday	-	-	-
Utility & Income Trst	Monday	-	-	-
Worner Howard	Monday	1.35	1.3	1.82
Worwood Inv	Thursday	1.75	3.45	1.92
Worwood Inv	Thursday	2.5	4.5	2.75
Yorkville	Wednesday	4.0	5.7	4.0
INTERIM DIVIDENDS				

Aberdeen Ltd.	Monday	1.0	1.5	-
Alexanders Hedges	Friday	-	1.0	-
API Group	Thursday	2.76	4.0	-
Asa Rubber	Wednesday	8.0	11.5	-
British Gas	Thursday	4.25	6.0	-
Burns Group	Wednesday	2.0	1.0	-
Caspar Oil	Thursday	-	-	-
Deimos	Wednesday	2.26	6.5	-
Ferrero	Tuesday	1.49	2.1	-
Fidelity Japan OTC & Reg Mkt.	Tuesday	3.07	5.12	-
Foreign & Colonial Int. Inv.	Friday	1.96	2.2	-
General Accident	Thursday	6.7	17.05	-
Grand Metropolitan	Thursday	9.4	14.3	-
Greenslade Group	Wednesday	4.4	6.6	-
Hannover	Thursday	3.1	7.86	-
Holmes & Manchester	Friday	3.5	3.5	-
Huntingdon Int'l Hedges	Monday	0.87	1.9	-
Mid. and Russell	Monday	2.75	3.1	-
Needer Group	Wednesday	-	-	-
Northern Ind. Improvement Inv.	Friday	7.0	15.0	-
Royal Insurance	Thursday	11.25	-	-
Scottish Value Inv.	Wednesday	1.0	6.75	0.62
Shell T&T	Thursday	8.9	12.0	-
Sigsbee Group	Monday	3.3	5.7	-
Southern Radio	Monday	5.0	10.75	-
Tenabanks	Thursday	3.5	8.0	-
Unilever	Friday	5.03	13.91	-
Vaux Group	Tuesday	3.1	6.1	-
Winidor	Monday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening share issues. 5 = First quarter figures. 6 = Second interim dividend.

BAHRAIN

The FT proposes to publish this survey on
June 2 1992.
This survey will look in depth at **BAHRAIN**
and how the country is developing. It will be
of particular interest to the 54% of Chief
Executives in Europe's largest companies who
read the FT, which is read in over 160
countries worldwide. If you would like to
reach this influential audience, call
Cliff Crofts
on 071 873 3269 or
fax 071 873 3079.

Data source: Chief Executives in Europe 1990

FT SURVEYS

FINANCE AND THE FAMILY

Flexible friends face hard times in recession

THE HEYDAY of the credit card may have passed. The recession and a rise in personal debts have made many people turn their backs on these plastic pieces of temptation.

The recession has also hit the card issuers. It now appears that bankers priced their credit card services too low in the fight to enter the market, and the credit card income of the banks has dropped.

So, interest charges have risen and annual fees have been introduced. These measures have led to fewer customers. Lloyds, the first bank to introduce credit card charges, is believed to have only 1.6m Access cardholders compared with about 2.5m two years ago.

Further changes are likely. At the beginning of 1992, Barclaycard predicted that smaller credit card issuers would be squeezed out of the market, with some cards being sold to larger issuers and others disappearing.

If you do not have a credit card, you may find it harder to get one now than a few years ago. There was a time when you would not think twice about issuing a credit card to someone who worked in the City," said a spokesperson for one UK bank. "But we know that these jobs are no longer secure and our preferred customers today are more likely to be doctors than bankers."

The type of card you choose is likely to fall into two broad areas: a straightforward credit card, or a "gold" or "charge" card.

ORDINARY CREDIT CARDS

These are the cards that people are likely to obtain from their bank or building society.

Two dominate the market. There were 17.5m Visa cards and 12.3m Mastercard/Access in issue in 1990, according to Mintel, which expects figures for 1991 to show a fall because of the introduction of fees. Barclays and TSB were the original issuers of the Visa card in

the 1960s. For this reason these banks have been able to market their Visa cards under brand names - Barclaycard and TSB Trustcard.

Access is a UK Mastercard subsidiary brand name jointly owned by National Westminster, Midland, Lloyds and Royal Bank of Scotland.

The cheapest and best way to use a credit card was revealed by Nigel Lawson, former Chancellor of the Exchequer, who advised people to pay off their monthly bill in full. This is a convenient form of payment and gives the user a period of interest-free credit, in addition to some perks.

However, for many card holders the credit is no longer free because of the annual fee. The Big Four banks now all charge an annual fee of up to £12, although free cards are still available from some issuers, such as the Co-operative bank, Girobank, National and Provincial and TSB.

Late payers Many people begin with good intentions but, when faced with the choice of paying only 55 rather than, say, £500 for the month, opt for the former and soon slide into debt. If this is you, one of the most important criteria will be the rate of interest being levied.

This is usually measured by the APR, or annual percentage rate. Unfortunately this is becoming unreliable as a basis of strict comparison because of the different assumptions made by card issuers in their calculations (the date at which they begin to charge interest and the amount of credit they assume is outstanding) and because of the fees.

If a card issuer chooses a large sum as a typical credit limit over which to spread the fee, its APR will look smaller than another issuer spreading the same amount over a smaller sum. For example, the Bank of Scotland and Clydesdale bank both have a £10 annual fee and a 1.5 per cent monthly interest charge, yet Bank of Scotland gives its APR

as 26 per cent while Clydesdale quotes 26.6 per cent.

However, the difference is not likely to be much more than a percentage point and according to Paul Hersey, senior finance analyst at Mintel, "the APR is still the best figure because it shows you the overall cost of credit for the year." Alternatively, you can look at the monthly figure and the size of the fee as a basis for comparison.

In its last survey of credit cards, Which?, the Consumer Association's monthly magazine, found that the Bank of Cyprus Visa card, with 15.6 per cent APR, and National and Provincial's Visa (24 per cent APR) and no annual fee offered the cheapest credit.

Apart from the APR, your credit limit and perks are other considerations.

Perks One of the more irritating aspects of opening the monthly bill is the paraphernalia that drops out of the envelope advertising credit card perks. Which? points out that many of these are little more than a way of marketing associated products, such as discounts on holidays offered by the issuer.

Some perks are inbuilt no matter what sort of ordinary credit card you hold. Under the Consumer Credit Act, all card issuers have to give you protection against faulty goods if the supplier does not compensate you. If your card is stolen and you have notified the issuer, you will not be liable for goods purchased subsequently with the card. Credit cards also give some degree of travel insurance, although this is not a substitute for full travel cover.

Barclaycard offers more perks than most, including free purchase protection, which insures many items bought with the card against theft or accidental damage for 100 days after the purchase; free emergency assistance for travellers, such as an emergency cash service; free travel accident insurance (covering accidents which

happen when you are in transit and not mishaps at other times during the holiday); and a points system which can be cashed in for gifts.

Affinity cards These operate as credit cards but a small proportion of the money spent by the holder is donated to charity. The card provider gives about £5 or £10 to the charity the first time the card is used. Thereafter, a fixed fraction of cash spent is donated - usually only about 20p or 30p per £100.

You can be governed in choosing a card either by the charity or the existence of a fee. For example, National Westminster has a World Wildlife Fund for Nature affinity card but charges an annual fee of £12. Alternatively, you can give free to Oxfam through Girobank, or to the Arts, through Midland.

Charge, or Gold cards Designed to appeal to high-earning big spenders. Charge cards such as American Express and Diners Club give unlimited credit but have to be paid off in full every month. Most Gold cards also operate as charge cards but some, such as Lloyds Gold Mastercard, operate as a regular credit card. Such cards have substantially higher annual fees - the Bank of Scotland announced this week that it will raise its annual fee for its Premier Visa charge card from £50 to £70 on June 1.

Those who benefit most from Gold and charge cards are travellers who need hefty credit to cover expenses. However, be wary of using credit cards too liberally abroad - most use an exchange rate more favourable to the issuer than the customer. Similarly, check the exchange rate on some "no commission" promises, which are sometimes compensated by giving a worse exchange rate than at other bureaux.

People who occasionally need a high overdraft will also find Gold and charge cards attractive as they offer preferential rates on overdrafts, usu-



ally up to £10,000. Barclaycard Gold charges 14.7 per cent EAR (equivalent annual rate) on overdrafts of between £2,500 and £50,000, compared with its 24.1 per cent EAR authorised overdraft rate. However, the annual fee is £70.

Many Gold card holders might be better off switching to an ordinary card and paying a smaller annual fee. It is easy to be seduced by the perks offered by Gold and charge cards but customers should ask whether they really need unlimited cover for emergency evacuation when travelling abroad - one of the perks being added by Bank of Scotland as a sweetener for the rise in its fee.

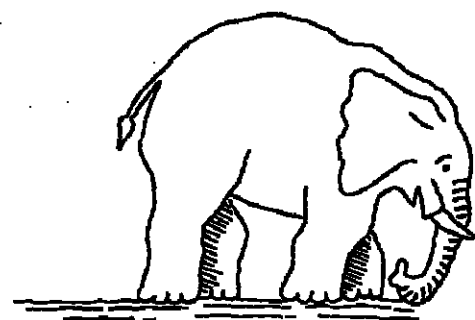
The Co-Op's Gold Visa card is one of the few no-fee cards but you must hurry to get one - its promise never to impose a fee runs out on June 30.

Gold and charge cards are only available to those earning a minimum of £20,000 a year - but you would have to earn much more in order to settle bills of £1,000 a month regularly.

Another disadvantage is that Gold and charge cards are not covered automatically by the Consumer Credit Act. However, Co-Op, Girobank, Lloyds (Mastercard) and NatWest (Visa) have all secured full CCA protection on their Gold cards.

Scheherazade Daneshkhu

STEWART IVORY Unit Trusts



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If you'd like to know more about the Stewart Ivory British Fund please write to us at Stewart Ivory Unit Trust Managers Ltd, 45 Charlotte Square, Edinburgh EH2 4HW. Or telephone 031 226 3271.

Please bear in mind that the value of units and the income from them may fluctuate and past performance is not necessarily a guide to their future performance.

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Members of IMRO and LAUTRO

*Source: Premier Unit Trust Brokers - unit trust income funds survey, March 1992.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Bowmaker nil pd	Pack	9,186	17	1
Croda	Chem	25,000	46	1
Dalgety	Food	6,100	25	1
Edmond Holdings	C&G	650,000	237	1
Euro Motors nil pd	Motr	458,828	133	1
E W Fact	Buse	50,000	50	1
Farnell Electronics	Elms	30,000	94	1
GEN	Motr	6,740	26	1
Hewden Stuart	C&C	12,272	11	1
Leslie Wise	Text	200,000	134	1
Lowndes Lambert	InsB	27,112	85	1
Mervier-Swain	Elms	5,000	19	1
Merridown Wine	Brew	10,000	36	1
Mov O'Farrell	Med	11,250	27	1
Record Holdings	EngG	200,000	168	1
Renishaw	OTH	24,000	65	1
Soden Murray & Elder	Motr	9,675	80	1
Tay Homes	C&C	20,000	34	1
Transport Dev Group	Tran	40,000	108	1
TSW TV	Med	130,000	59	1
US Sm Co IT	InTr	10,000	10	1
PURCHASES				
Barr (AG)	Food	5,000	10	1
Bousfield	BuSe	50,000	12	1
City Site Est CORP	Prop	171,000	49	1
Clinton Cards	Stor	50,000	38	2
Gl Southern CRP	Misc	50,000	50	1
Hill Engineering	EngG	15,000	22	1
Johnston Group	BdMa	30,000	58	2
Paramount	Brew	425,000	20	2
Redland	BdMa	2,780	15	1
Torax Hire	C&C	100,000	30	1
US Sm Co IT (Wse)	InTr	35,500	14	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 27 April - 1 May 1992.

Source: Directors Ltd, Edinburgh

Directors' Transactions

DIRECTORS' dealing activity has now calmed down to a more reasoned level where the overall picture is no longer distorted by one-off influences.

Clinton Cards retails greeting cards and gifts throughout England. Directors have been buying shares during April. Most recently Clinton Lewis, the managing director, and Don Lewin, the chairman, both bought 25,000 shares at 75p. That is 16p higher than the price at which three directors bought two weeks earlier.

Selling at Renishaw, the metrology and inspection equipment company, has been a feature since the end of last year. Most recently Allan Roberts, the finance director, sold 24,000 shares at 37p.

John Hall, the deputy chairman of Hall Engineering, and Robert McAlpine, a non-executive director, both purchased shares in this steel processing group.

Hall bought 14,000 shares at 153p in an off-market deal on April 29, while McAlpine paid 148.5p for 15,000 shares from the market on April 23.

Results were announced at the beginning of April and the chairman said that the board was confident about future prospects.

Angus MacDonald, Directors Ltd

Key to sectors: BdMa = Building Materials; Brew = Brewers & Distillers; BuSe = Business Services; Chem = Chemicals; C&C = Contracting & Construction; Elec = Electricals; EngG = Engineering General; Food = Food Manufacturing; InsB = Insurance Brokers; InTr = Investment Trusts; Med = Media; Misc = Miscellaneous; Motr = Motors; OTH = Other Industrial Materials; Pack = Packaging & Paper; Prop = Property; Stor = Stores; Text = Textiles; Tran = Transport.

A helping hand with charges

HOW MUCH do you pay when you take out a personal pension? Up to a third of your final fund could be eaten up in charges, according to Pensionline, an independent financial adviser.

Most of those who sell personal pensions receive a commission for doing so. This reduces the benefits provided by the policy and can influence the salesman's judgment.

Pensionline is offering a new service which, in return for a fee of £245, will reinvest all commission income in the policy.

The table shows the difference reinvesting commission can make. It covers regular premium unit-linked policies with a 25 year term. Companies covered are those which have five years experience of unit-linked managed funds and which will allow Pensionline to reinvest the commission.

To take Scottish Life as an example, its standard charges would reduce the pension fund on retirement by 13.36 per cent. But if commission were reinvested, the reduction would be only 11.18 per cent. That would make Scottish Life the cheapest provider of those surveyed.

Some companies have substantially higher charges than those shown. The charges of Liberty Life, NEL Britannia and Confederation Life would eat up 30 per cent of your pension fund, and at Gresham Life the charge is 35 per cent.

But charges are not the only thing that matters; performance is important. There are 57 companies with unit-linked performance records lasting five years, and Scottish Life ranks 40th among them.

Pensionline has accordingly sought out those companies which have relatively low charges and a good performance. These are highlighted in bold. Sun Life, for example, is seventh in performance terms and third on charges.

Different companies come out best, depending on the type of policy surveyed. In the field of five year unit-linked single premiums (where charges are generally lower), Pensionline highlights Eagle Star, Scottish

Widows and National Mutual. This combination of charges and performance can make an enormous difference. If Sun Life were to maintain a 13 per cent growth rate and 12 per cent charges for 25 years, then the fund value of a £100 per month policy would be £197,744. If Sun Life were to maintain a 10 per cent growth rate and 17 per cent charges (after reinvestment), the same fund would be worth only £110,127.

The commission reinvestment option is very likely to save you money, even allowing for Pensionline's fee, unless you are investing under £100 a month for a short period.

This combination of intelligent analysis of charges and rebating commission would seem to meet the demand for "best advice" imposed by the Financial Services Act. The Pensionline service is thus a very encouraging development.

■ Pensionline, 1A, The Broadway, Chesham, Bucks, Surrey, MK3 8BR. Telephone: 081-643-9663. Pensionline is a division of Independent Personal Financial Services Limited, a FIMBRA member.

Philip Coggan

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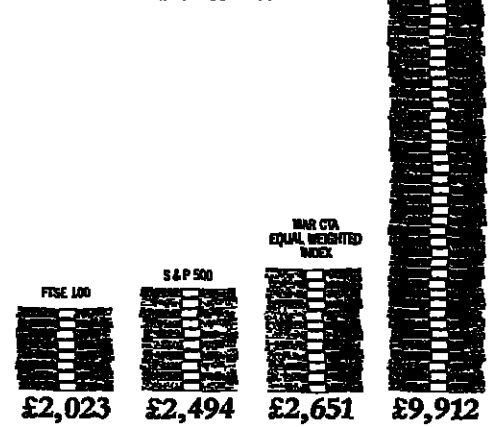
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To: Johnson Fry Securities Limited, 20 Regent Street, London SW1V 4PZ, UK. Please send me more information on The US Masters Guaranteed Futures Fund Limited.

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HOW TO SPEND IT

With the first burst of sunshine, Lucia van der Post has been thinking about picnic hampers, tables and the great outdoors

Hampers for posh people

ISUPPOSE that there are a few people left with dividends, bonuses or pay rises to celebrate, and what could be a more convivial birthday or anniversary present than a splendidly sybaritic hamper?

Alfred Dunhill, currently investigating its archive material in order to recreate the luxury products of yesteryear, has come up with a picnic case (photographed below) for which only champagne and the grandest of foods will do.

At £2,995 this is not, you understand, the sort of hamper from which you unwrap a cheese sandwich and a can of beer - *mais non*, it requires a full *file champagne* to fulfil its ambitions. It is, you will have

gathered, the sort of picnic hamper that takes a bit of living up to.

The Pic-Nic, the soubrinet by which Alfred Dunhill likes it to be known, is kitted out in regal style - Waterford cut crystal glasses, Wedgwood porcelain, proper cutlery in a leather-covered canteen, leather-covered flasks and Irish linen napkins, not to mention some very refined touches that the posh picnicking classes seem to go in for, such as napkin rings and coasters.

The hamper as a whole when closed resembles nothing so much as a very smart leather-clad briefcase. For the moment it is only available at Alfred Dunhill, 30 Duke Street, St. James's, London SW1Y 6DL.



Plan a garden revamp

ANYONE WITH a garden, however small, or a conservatory which could do with a revamp, should visit Holloways or send for the brochure.

Holloways is a family-run business run from a converted east house in the village of Suckley, near Malvern in Worcestershire, specialising in conservatory interiors and antique garden ornaments. The east house is filled with everything the proper conservatory could possibly need - from Lloyd Loom to Rattan, from cane to wrought-iron as well as lots of smaller things such as Regency-style plant-holders and bird baths.

Possibly the most enchanting section is the outside courtyard which is filled with an eclectic collection of finds gleaned from country houses and auctions all over the UK. You could come upon an ancient stone trough or cider mill, a stone bench, a sundial, an urn or figurine. It is a splendid place to search for a special present - a friend found an antique Georgian sundial which made a wonderful birthday present for his wife.

Holloways is at Lower Court, Suckley, Worcestershire WR6 5DE. Tel: 0886-884655.

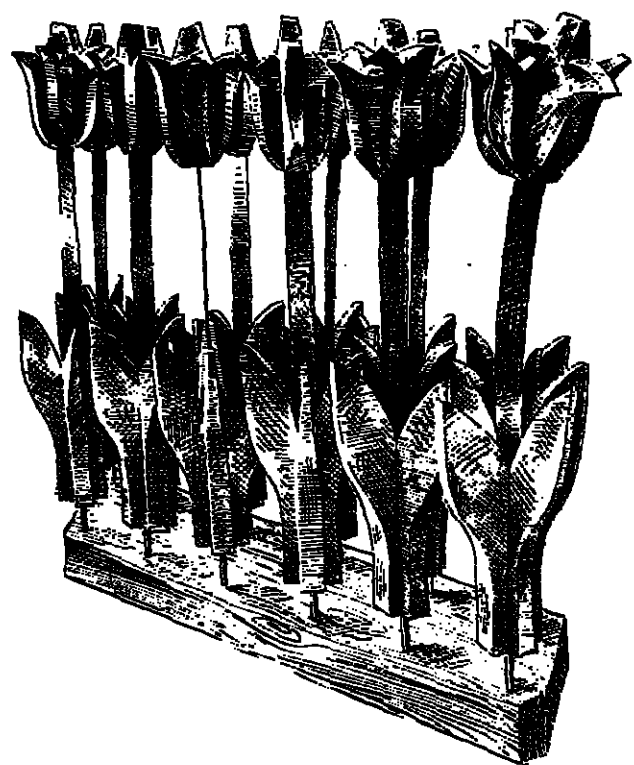
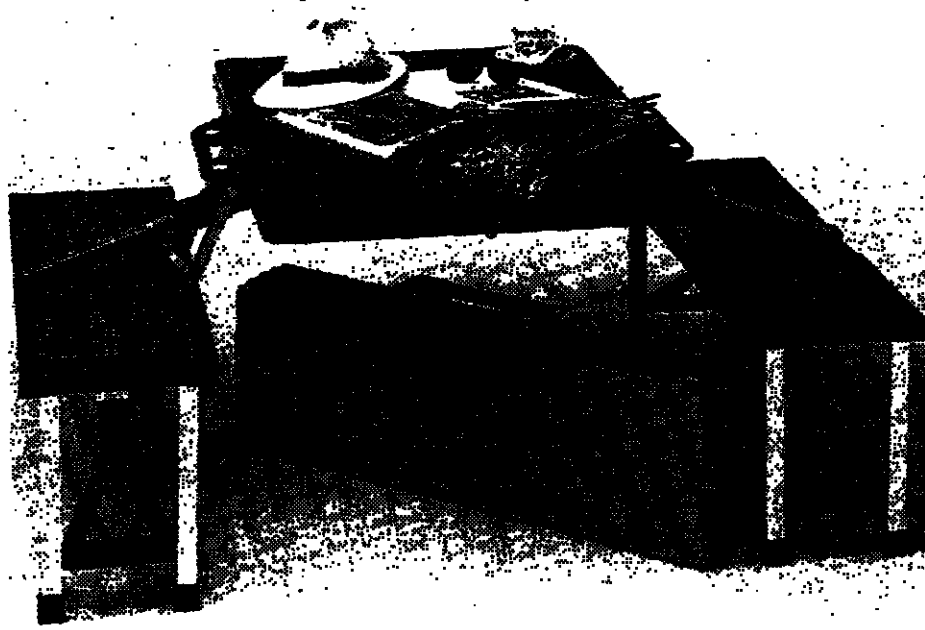
The company will send a set of free brochures to potential customers and is happy to discuss by telephone the sort of one-off antiques that they have in stock, or to search for something particular that you might have in mind.

Time for summer table talk...

FOR somewhat more down-to-earth and less nostalgic picnicking there is the Huzar table (right). No more rolling on rugs damp with dew - this picnic table seats four in comfort and folds into a flattish carrying case so that it can be stored in boot or boat.

Made from plastic with a strong aluminium frame, it is

easy to clean and robust as well as light. It could go happily to pool or polo, to riverside or point-to-point, to Badminton or Glyndebourne. It weighs 21 lb, pulls out to measure 33½ in by 26 in and it comes in blue, green, red or yellow. It can only be bought by post and costs £89 from Huzar Co, PO Box 12, Knebworth, Herts SG3 6QQ. Tel: 0438-511018.



Turn to wood

SO YOU have no room for a proper garden, and, anyway, your fingers, far from being green, are a much less attractive dirty grey - or the plants are by the time you have finished with them.

Grave not. Invest in some flowers that never fade or dry, that need no watering, no weeding and, above all, no talking to. These hand-carved wooden tulips (left) on their green base come from The Garden Gallery, Ohio and cost £89.95 (p&p £5) for a set of six from The Museum Store, 20 The Piazza, Covent Garden, London WC2.

Another present from The Museum Store is a packet of seeds in colour-coded pots, which enable gardeners to recreate the plants grown by the painter, Monet. £19.99 (p&p £2).

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Zooming in on a bargain

Glyn Genin, the FT's picture editor, focuses on cameras

FROM LATE last century, when most photographs were taken on glass plates, with cameras built of brass, leather and mahogany, designers sought to utilise 35mm film, made for the cinema, to make picture-taking more compact.

Oscar Barnack's brilliant Leica prototype of 1913 was the forerunner of a classic range against which "miniature" cameras are judged, even today.

The grainy, slow, soot and whitewash emulsions made for the silent screen were less than complimentary to Barnack's uncompromising engineering, though.

Processing and enlarging was also pretty primitive, and it was more than 10 years before Ernst Leitz had enough confidence in the film stock available, produced chiefly by Eastman Kodak and Agfa, to begin manufacturing the Leica I in any quantity at their Wetzlar factory.

German manufacturers dominated the market for 35mm and rollifilm cameras between the wars, with Leica, Contax, and Rollei the last word in mechanical and optical excellence. But they were far from cheap.

When Zeiss Ikon launched

the Contax in 1932 it retailed for about the cost of a family car. A few were exported to Japan where they sold for the cost of a small family house.

It was certainly an enduring design, the Tokyo-built Nikon S2 of 1954 is a faithful replica of the 1936 vintage Contax II. Nikon, together with other Japanese manufacturers, Canon, Pentax, and Mamiya among them, now dominate the camera market. Ironically, the modern Contax is now made in Japan.

Amateur photographers now use much more 35mm film than the motion picture industry, for which it was designed - some 75m colour negative films, £250 worth this year in the UK alone.

Quality cameras no longer need be super-expensive. Excellent no-nonsense point-and-shoot compacts are available for as little as £100, and bulkier, interchangeable lens SLR (single lens reflex) cameras for even less. Here are a few of the better buys:

KONICA BIG MINI (£100). Robust, lightweight, no nonsense compact.

SIGMA ZOOM SUPER-70 (£140). Impressive feature-laden specification in less than compact body. Borrows passive autofocus technology from pricier SLR's. A real bargain.

NIKON TW ZOOM (£180). Neat, compact, versatile, with the pin sharp optics you would expect from Nikon.

SAMSUNG AF ZOOM (£190). Korean import, lots of features in a sleek body.

KONICA AIBORG (£210). Do not let the Star Wars appearance put you off - won the Amateur Photographer Zoom Camera of the Year Award for 1992.

CONTAX T2 (£500). If you have £500 to spend, forget the others. Beautifully engineered, with pin-sharp Zeiss lens.

PENTAX K1000 (£160 with 55mm lens). Old-fashioned, but rugged no nonsense SLR.

MINOLTA X-300 (£210 with 28-70mm zoom lens). Simple to use SLR.

CANON EOS 1000FN (£300 with 35-80mm zoom lens). SLR with built-in flash. Quiet and light.

NIKON F-801S (£590 with 50mm lens). Most of the features of the "professional" Nikon F4 - for a lot less than half the price.

Prices are a guide only; consult the weekly *Amateur Photographer* or the monthly *Practical Photographer* and *What Camera?* for the latest and best prices. Dealers and manufacturers have occasional special promotions.

Buy a Nikon compact camera before the end of August, for example, and you can get a family ticket to EuroDisney and up to three nights accommodation in Paris - not a bad way to start using the camera.

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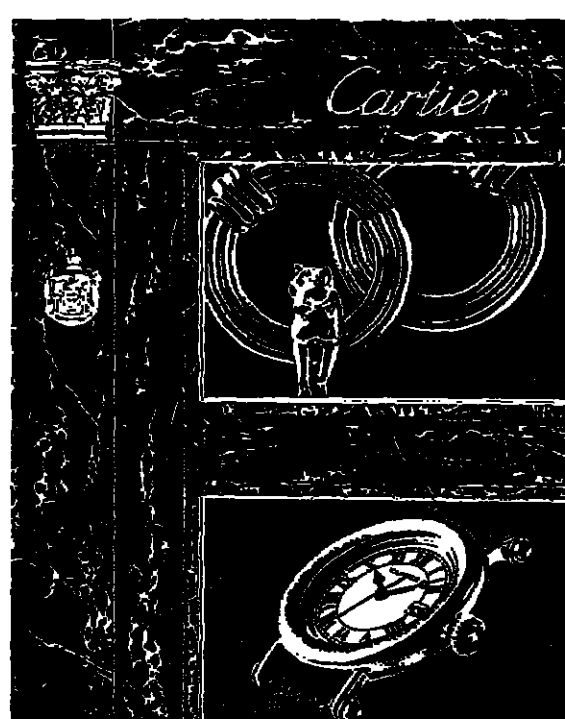
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Harvey Nichols, Telephone: 071-235 2629 and

THE NEW BOUTIQUE AT 188 SLOANE STREET, LONDON SW1. TEL: 071-235 8023.

SPORT

America's Cup/Keith Wheatley

High noon on the high seas

EVERY SPORT needs a bad die. Right now billionaire yachtsman Bill Koch is fulfilling the role perfectly for the America's Cup. Koch used dollars (around \$75m of them) and science to eliminate veteran helmsman Dennis Conner from the chance to once more defend the Cup for the US. Today Koch races the Italian challenger *Il Moro* in the first of a best-of-seven series.

"The Kanza Indians have a saying that the greatness of your tribe is determined by the greatness of your enemy," says Koch, whose family hail from Wichita, Kansas. "We think Dennis Conner is probably the greatest sailor that's ever been, so we're ecstatic to have beaten him to get to this point."

"I would attribute all our success here to Dennis pushing the hell out of us. We have made some technical innovations in the past month which we wouldn't have made had there not been this level of competition."

Nevertheless, a straw poll in the last few days by the *Associated Press* among knowledgeable Cup observers failed to find a single one who thought that Koch would triumph and sailing's oldest trophy would stay in America.

Their confidence in *Il Moro*'s chances stems largely from the Italian yacht's breathtaking feat in coming from 1-4 down against the Kiwi favourites to win the challenger series 5-4. Skipper Paul Cayard was almost alone in still believing he could beat the New Zealand sailing machine. Back at the *Il Moro* base his shore crew were already breaking camp for the trip back to Venice.

By using the pressure from the bowsprit controversy Cayard was able to break the Kiwis, particularly skipper Rod Davis, psychologically. Everyone involved with Cayard refers to the 32-year-old's enormous mental strength - combined with an intuitive sailing flair which makes him Conner's natural heir.

It is a potent combination to pit against a cumbersome *America's Cup* brains trust which Koch is skipper and steers once the boat is ahead. Olympic gold medalist Buddy Melges, 62, steers the tricky legs, and starting helmsman Dave Delenbaugh looks after the aggressive pre-gun manoeuvres.

Do they have trouble making decisions? "Sometimes yes, sometimes no," laughs the delightful Melges. Like Conner he grew up near the water, talking his way aboard the boat of anybody who would give him a crew job. His father was a boat-builder and Melges sailed solo at the age of six on Lake Geneva, Wisconsin.

"We weren't well-to-do," recalled Melges. "I couldn't afford a bike until I was in high school. Sailing to me was a form of transportation. I'd sail over to a friend's house and

then we'd race back to mine for supper."

He has moved into a different world now. *Il Moro* has a counterpart to Koch in financier Raul Gardini. The two men have a great deal in common. Both syndicate leaders have inherited sums in the region of \$500m from family businesses and both have used lawyers to secure the money from their nearest and dearest.

They have lavished similar amounts on their Cup campaigns and both are former maxi-yacht world champions. Where they differ is in their attitude to sailing. Koch has a hands-on approach, asking why he should pay for another helmsman's ego trip; whereas Gardini prefers to be the paying passenger. He often occupies the spot aboard

the IACC yachts reserved for the 17th - non-participatory - man. Cayard refers to Gardini as "the man who looks as if he is on fire", a reference to the boss's two-packs-per-race cigarette habit. There is no love lost between the two owners.

"Raul spent five to 10 times what I did on his maxi-yacht and I still beat him," said Koch. "And I look forward to beating him again."

Koch's maxi *Maiden*, world champion in 1980 and '81, was the product of five years' research and a testament to her owner's faith in science, rather than art, making boats go fast.

To become defender of international sport's oldest trophy Koch has formed a huge team, dominated by technology rather than sailors. More than half the 175 people on the *America's Cup* payroll are scientists. "We are based on two principles," says Koch. "Science prevails over art in terms of achieving boat-speed and teamwork prevails over egotism."

Predictions about who will win the America's Cup are thicker in the air than LA smog. Rod Davis, skipper of New Zealand's beaten challenger, is adamant that the Cup is bound for Italy. "I haven't decided whether it's going to be 4-1 or 4-0 yet," he said.

"But I think *Il Moro* is going to give *America's Cup* a pretty good thrashing."

Dennis Conner, beaten by more than five minutes by *America's Cup* in the last race of the defender trials, tends to the opposite view. "Koch's yacht is a heck of a good boat," says the helmsman who hasn't been dumped from an America's Cup since 1974. "If they can sail it, we'll win."

Since the two boats have yet to meet head-to-head the form book is non-existent. Yet computer analyses from the dozens of races in the two sets of elimination trials suggest that *America's Cup* is marginally faster - about 1m 32s around the 30-mile course.

However, if it were settled on the quality of inventive one might feel that Gardini is already 3-0 up and ahead in the fourth race.

"I see Koch has suggested a new regulation where the owner has to steer sometimes," says Gardini. "It would be a silly rule if we all steered like he does. The only time we raced together directly, he lost."

Whether the Cup comes to Europe or is successfully defended in California, one name is already on the board for 1995. Dennis "don't look back" Conner is even now stalking America's boardrooms, and has sponsors in place. "I'll be back, stronger than I was, this year," predicts the maestro. "I've had worse defeats. Heck, I lost the thing in 1983 and it turned out to be the best thing that ever happened to the event. It put the cup and Dennis Conner on the map."

Golf/John Hopkins

Sweet Sandy swings back

THE sounds of approval that greeted the victory by Sandy Lyle the Italian Open last Sunday could be heard from Land's End to John O'Groats. Lyle may be the most popular professional golfer on the European tour. One who does what he says he will do, never forgets a friend though a face might sometimes escape him. He remains impressively consistent, whether in victory or in defeat.

Lyle is more than just the most popular of men. He may be the most naturally gifted player, more so than Nick Faldo, Bernhard Langer, even Ian Woosnam. He was an infant prodigy who was making sweet music with his golf clubs at an extraordinarily early age. At three, when he could comfortably pass underneath the handle of a trolley, he was able to hit a golf ball 100 yards or so with his teeny-weeny clubs.

Alexander Walter Barr Lyle is a Shropshire lad who was born in Shrewsbury and grew up in the picture postcard village of Weston-under-Penyard. It is a forgotten area, which time seems to have passed by, down just off the Whitchurch-Shrewsbury road. There were trees to climb, caves to explore, a church with a lych gate. Mostly, though, he played golf.

He was fat as a child and his nickname was Fodge. Therein lies the root of his erratic and ungainly backswing. It was the only way he could get the club around his stomach. In his early teens he contracted German measles and retired to bed for three weeks. While in bed he grew three inches and lost two stone. Although he was no longer a fat boy, he retained his eccentric backswing.

There are many stories about Lyle. My own favourite tells you something about him. I am sure it is apocryphal but if you promise not to tell anyone, then I will repeat it. In 1988 on the night of the third round of the US Masters, a couple of mischievous journalists came upon Sandy's enormous shoes in the clubhouse at Augusta. One of the journalists scribbled a note on a piece of paper and slipped it in to Lyle's shoe. "This is your left shoe, Sandy," it said.

The next day Lyle marched to victory, a victory that was marked by his fantastic bunker shot on the 18th. At the end

of the round he removed his left shoe, found the piece of paper inside it and said: "I wondered what that was."

In 1985 Lyle became the first Briton since Tony Jacklin in 1969 to win the Open. It is typical of him that the next day a marquee was erected in the garden of his home at Wentworth and friends and journalists were invited round. Sandy washed the dishes in the kitchen. That is Sandy Lyle for you: Open champion one day, kitchen skivvy the next.

In 1987 I began to write a book with Dennis Musgrove, Lyle's caddy. The idea had been suggested several years earlier but Christine Lyle, who was Sandy's wife, put her foot down.

By 1987, Lyle's marriage had ended and all barriers to our book had therefore been withdrawn. I started work immediately. It was a memorable experience for two reasons. The first was that it allowed me to get to know Musgrove better. A man with a saying for every day of the month, he became a friend, a guide through the sometimes superficial world of professional golf.

While writing the book I gained an insight in to the core of the professional tour. And I lost count of the number of flattering comments Dave made about his boss, and the perks that came Musgrove's way, courtesy of Lyle, from first-class air flights to five-star accommodation.

"Sandy is the best bloke in the world to caddy for," Musgrove said at the time. "My wages must be the best on tour and when I stay at his home at Wentworth he brings me tea in the morning."

In 1989 Lyle returned to Augusta to defend his US Masters title. With him was his father Alex and his mother Agnes. Walking around watching an obviously out-of-form Sandy was taxing for Lyle senior. He could not make out what was wrong. One minute Lyle would whistle out an enormous drive and fluff the second shot, the next he would three-putt.

"You know what pleases me most, more than seeing Sandy win championships?" asked Alex.

"It is seeing the respect Sandy is held in by his fellow professionals. Every one has a word for him. That makes me very proud."

No more than the rest of the golf world is of his son. Welcome back Sandy.



Waiting for Imran: the absent captain has repeatedly come to Pakistan's rescue

Cricket/Teresa McLean

Pakistan opens without the master of the late entrance

fiery, disruptive element. In a long tour, after a hard but victorious World Cup with a month's unrelenting celebrations afterwards, the problem is going to be keeping up the team's momentum and keeping its players together as a team. A set of meteoric personalities like these is liable to crack into factions under pressure.

Javed, Pakistan's captain, is a great fighter and an insatiable competitor, but he is not a man to ease pressure on, I think, to use it to best advantage, which is one of Imran's strengths.

If they confront it right, the Pakistanis thrive on adversity. Sometimes it is almost as if they get into trouble on purpose, so they can come out of it all the more sensationally.

"Forget all these worries about no balls and wickets and just go and fight," Imran told his troops three games before the World Cup final, with three

wins needed to qualify. They qualified and won. If Javed can keep all the fighting directed against the enemy, he has some players of fearsome talent at his disposal.

England's best policy is probably to "try and stay cool", as Gooch put it when asked last summer how he helped his team face ferocious West Indian bowling bombardments. You would not find either Imran or Javed telling the Pakistani Tigers to try and stay cool, but they would find it frustrating if the enemy stays cool.

In Karachi, where Javed comes from, cricket is battle, and if the game itself fails to generate enough crackle, I would not be surprised to see him get himself involved in some sort of trouble associated with the game. This would be a sad second best.

Pakistan are disappointed that England are using English umpires for this tour, though they have

accepted the fact. This position, which has a certain ironic tinge to it, is a possible source of trouble under pressure, as is the over-crowded schedule crammed with one-day matches.

England's desire for revenge after the World Cup, Pakistan's desire to complete their humiliation of colonial England and, of course, the ever-present tensions of Pakistani cricket politics.

Whether or not Javed and Imran end up playing this tour as a double act, it should be an exciting one to watch. Wasim Akram of Lancashire, Salim Malik of Essex and the injured Waqar Younis of Surrey have enough experience of English teams and conditions to give useful advice, though of course that can become too much of a good thing.

Imran Khan, Pakistan's manager, with 12 popular years of leg-spin bowling and muscular batting for Surrey

behind him (1980-1981), will have to handle that carefully. He should be a good man to help bring young Mush-taq Ahmed's bowling of wrist spin, leg-spin, googlies and flippers to its best.

And of course there is always Imran. The man who first spotted and fostered the talent of Wasim and Waqar; who picked Mush-taq as a worthy successor to the magical Qadir; another of his discoveries, and has declared the dynamic 22-year-old batsman Imran-ul-Haq to be a genius. Who dare argue? Imran has an expert knowledge of cricket. He loves being in command; indeed, some say he was born to be in command. I wonder what odds are being offered on whether Imran will emerge from retirement this summer, for the very last time, to show his players how to play and win, even when it is impossible.

Tennis/John Barrett

When father knows best

AS A breed they are by turns vilified, appreciated, despised, applauded, pitied and cursed. On yes, and sometimes loved - but never understood and seldom given the credit for an atom of intelligence. Those among you who are fathers of teenage daughters will recognise themselves immediately.

It is not easy being a father - particularly when your daughter is just an ordinary, fun loving multi-millionaire and the main source of family income.

In Rome this week Karoly Seles, whose daughter Monica collects stuffed animals, and Stefano Capriati, whose daughter Jennifer collects records (both the "youngest-ever" and "pop" variety) have been suffering in the stands while their breadwinners have battled away on the slow red clay.

When I sat watching the two girls play one another on a cement court in the quarter-finals of the Lipton event in Key Biscayne, Florida, seven weeks ago, the two sets of parents - Karoly and Esther, Stefano and Denise - sat at opposite ends of the court surrounded by the usual entourage of coaches, trainers, genuine friends and hangers-on.

Before the match I was told by Pavel Slozil, the former Czech Davis Cup player who used to coach Steffi Graf, that his new charge, Capriati, would upset the favourite - in spite of the arguments he was having with Stefano about Jennifer's preparation. How right he was. As the 16-year-old Florida girl, taking the lines with relentless accuracy, inflicted the first defeat of 1992 on Seles I exchanged a smile with Slozil. How lucky, I thought, that Jennifer had the

advantage of such sound advice and such an experienced practice opponent. At the far end Karoly and Esther hid their disappointment by sportingly applauding Capriati.

The next day Capriati lost decisively to Arantxa Sanchez, a not unexpected result considering this was Jennifer's first tournament for two months. But at least she had recovered her test for the game after debating at the start of the year (to the family's horror) whether to chuck it all up and resume her interrupted life as a happy, smiling teenager.

Just two weeks after Key Biscayne, Jennifer lost unexpectedly in Hilton Head to the Czech Veronika Martinek, ranked 83. That was a bad result. But I'm sure Slozil did not guess what the result would be for him. Dismissal. Stefano, who had ended Jennifer's successful association

with last year's coach Tom Gullikson to bring in Slozil four months ago, announced that from now on he would be in charge of the coaching, and the Florida trainer Laurie Schnett would be drafted in to work on Jennifer's puppy fat. Like any corporate chief, Stefano had to slim down his workforce in the middle of a recession.

Slozil must have been smiling quietly on Thursday when Jennifer suffered another unexpected defeat in Rome, at the hands of the diminutive 20-year-old South African, Amanda Coetzer, ranked 31. As Stefano is discovering, the pit of parental pain is bottomless. Meanwhile, the irrepressible Seles had bounced back to break another record. By winning the Spanish Open two weeks ago in Barcelona, to claim her 28th career title at 18 years and four months, four



Golden child: Jennifer Capriati with mother Denise and father Stefano who is now her coach

months younger than Tracy Austin had been in 1981 when the American reached her quarter century. This was only Monica's 49th tournament whereas it took Austin 71. I hope Karoly brought her another cuddly toy to add to the collection.

Chris Evert (another former child prodigy hand-reared by her father) had played one

more tournament than Seles when she won her 25th title, and was a full nine months older, while Steffi Graf (also father figured) was eight months older and playing her 78th tournament when she passed the same milestone. Seles's 25 titles took only 217 matches, an average of 8.68 matches per title. Evert's 157 career wins averaged 9.26

matches. Navratilova's average for her 199 successes is 9.54 and Graf's is 9.6 for 63 wins.

Whichever way you look at it, Seles is the best player to emerge in the era of Open tennis. She was the youngest winner of a Grand Slam crown in modern times when she beat Graf in Paris in 1990 at the age of 16 years six months (true, Lottie Dod was 15 years 10

months when she won at Wimbledon in 1887 but there were only five challengers that year); she won four Grand Slams in her first nine attempts (Evert's fourth came at her 15th attempt, Graf's at her 17th); and last year, aged 17 years 11 months, Monica became the youngest-ever World Champion.

Although Karoly is nominally Monica's coach, all the ground work was done by Nick Bollettieri at his Academy in Bradenton, Florida. He helped the family to emigrate from Yugoslavia after spotting Monica as a 10 year old at the old Sport Goofy event in Orlando. After investing years of time, money and effort in honing her talents and protecting her from too much competition too soon, he was shocked and hurt to be cast aside without a word of thanks.

Forays Nick should engage Slozil as an extra father figure to his will the latest prodigy he is developing at Bradenton (yes there is one, but I have promised him not to divulge her name). Then they could both suffer as all fathers should.

GARDENING

Westward hoe! In search of new plants and ideas

Robin Lane Fox loses himself exploring the gardens of the Worcester triangle

GARDENERS are enjoying their best spring for years; everything looks green and happy; places are already in flower and this year's edition of *The Plant Finder* has just come out to join them. To celebrate it, I have taken a break from my usual writing, heading west looking for ideas on what we could all be growing.

Westwards towards Worcester, there are ideas by the dozen, some of which are easier to accommodate than others. Yellow Alyssum is too harsh for my taste, but there might be possibilities in imitating red Darwin tulips in grass, while the blossom on the apple trees should cause us all to regret those which had to be grubbed out soon after we entered the EC.

Near Malvern, there is the best selection of Michaelmas daisies in any nursery in the country; at Kingswayford near Kidderminster, there are the best Lewisias; near Tewkesbury (Worcester in *The Plant Finder*) there is a list of admirably grown Alpines within vibration-range of the town's dual carriage-way; they are so fairly priced that most were bought months ago. All in all, patient plant finders could be lost for days in the Gloucester-Worcester triangle. My taste has learned most from one of my favourite hunting-grounds, the walled garden and nursery at Stone

House Cottage, Stone, near Kidderminster.

This small nursery is no longer a stranger to connoisseurs. Its mastermind is Louise Arbuthnot, and when I wrote about her enterprise six years ago, the article managed to sing her praises as the skilled keeper of several thousand pots. The "pots" should have been "pots," but this unsolicited credit has not stopped the nursery from widening its clientele or the proprietors from adding a fifth baby to their family. They continue to propagate, cultivate and supply a huge range of plants with a highly personal labelling system.

The enterprise depends on an exceptionally sharp-eyed wife, a reassuringly informed husband and no more than one willing assistant. This time I have returned with young plants of a rare Oriental bud-die, collected by a keen woman amateur gardener from the Great Wall of China when tourism was still politically defensible.

A grey-leaved and pink-flowered variety, it has proved quite hardy and ought to be an apt choice for my own local wall against barbarism: the ancient city wall of Oxford, which stands in my college gardens.

The nursery supplies visitors only, but I am not trying to tempt you by writing merely about a source off the beaten track. Stone House Cottage has a second string to its bow. The owners planted

many of their nursery's plant in their adjacent walled garden and, as they have lived there for some 20 years, the garden has become a living lesson.

It alerts you to the potential of plants which are otherwise names in a list, by showing them off at maturity. The setting is not so grand that it is inimitable.

This weekend, beds at the foot of the walls have white-flowered Bleeding Heart, the last of the tulips and a rare Blue Eyed Mary which has little blue flowers starred with white. Pink and yellow Epimediums keep company with some exceptional varieties, none finer than a plant of *Corydalis flexuosa*. This lovely variety was introduced after an Oriental field-trip and was already the talk of experts in the lunch-tent at last year's Chelsea flower show. I now see why. This one plant was smothered in a flock of crested flowers in an electric shade of blue which outclasses anything except spring gentians.

Such varieties are beyond most of us, but the shrubs and wall-plants are another matter. Many of you know or grow the pale yellow flowers of Rose Canary Bird which is so good in a pot or tub. On Stone House Cottage's wall, I was attracted once by a deeper and richer variety. It turned out to be Rose Helen Knight which was bred in the late 1960s and is not related to Canary Bird at all. Its parents are a wild yellow rose

from Afghanistan, and a plain Scots Burnet variety. Its breeder, Frank Knight, thought highly of it, but gardeners have been slower to follow his judgment. If you see a mature plant, you realise at once that it is a winner. It is located against the climbing red leaves of a young *Pieris* in its Worcester setting. Starting from scratch, it would be good in a pot or against a wall at a height of 5 ft, even in semi-shaded conditions.

Like Rose Canary Bird, the usual forms of Flowering Currant or Ribes are very well known. One form, however, is more like a flowering gooseberry, the prickly ribes specimen. Its crimson flowers hang downwards from the branches and are harder when trained against a sunny wall. At a flower show, young plants look ever so slightly boring. At maturity, it is quite different: after eight years or so, it is looking its best in its Worcester setting.

So has a white-flowered white lilac with a touch of pink to its single petals. In Oxford's Botanic Garden, *Syringa persica* alba is trained vertically up a wall where it flowers very freely. In the walled nursery garden, this lilac bulges forward at a lower height, not far from tall pink-flowered *Syringa microphylla*, one of the great repeat-flowerers in the family. Together they remind you that large-flowered hybrid lilacs do not have things all their own way in May.



Plant of the Week

Choisya ternata

This fine evergreen shrub is known as the Mexican Orange Blossom because its white, sweetly-scented flowers are somewhat like those of the orange but the plants are totally unrelated. The leaves are three-parted, very glossy and aromatic when bruised. The flowers are produced most freely in May and early June but a few more to appear later in the summer. It makes a densely-branched bush, 5 ft or more high, but it can be kept smaller by pruning after flowering. It likes sunny places sheltered from wind.AH

Established gardens also reassure those of us who are not so far down a new garden's path. They show you small daphne retusa after 10 years or a daphniphyllum looking its best; they prove to you that *Sycopsis* is not just a suitable name for another dark green shrub with tediously small flowers. They also show you that one day, too, your own choices will make the grade.

A mainstay of my own newish plantings is the scented white *Viburnum carlicepalum*. Since planting it, I have read criticisms of it because it is less refined than the less vigorous varieties such as *Carlesii*. Its choice cost me hours of uncertainty, but I wanted a good grower which could be pruned gradually into an upright bush like a small standard tree above low carpets of small hardy plants.

Will the carlicepalum agree to be clipped and grow upwards not outwards? Books never give the answer, and my young bushes are already bulging sideways with huge crops of the big scented flowers.

At Stone House Cottage, a much older bush has reached just the height and shape I have envisaged. Returning home, I have seen a dozen new names at their mature best, but I have also seen evidence that a bet on the future is really going to work.

■ *The Plant Finder*, costs £10.99 and is distributed by Aberrant Publishing, Moor Farm Rd, Airfield Estate, Derbyshire DE5 1HD

For the really serious

THE NEW Royal Horticultural Society Dictionary of Gardening, edited by Mark Griffiths, is a long time, probably since W.J. Bean's *Trees and Shrubs Hardy in the British Isles* appeared in its eighth edition between 1970 and 1988.

But between these two great works there is a fundamental difference. Bean's five volumes were a straightforward revision, updating and enlargement of something that had been with us for a long time; a familiar friend with much new material and a considerable alteration of names but nevertheless looking much like previous editions.

This new RHS work, of which Anthony Huxley is editor-in-chief, Mark Griffiths, editor, and Margot Levi, managing editor, and on which something like 250 contributors have been employed, is an entirely new work, not an update of the old *RHS Dictionary of Gardening*, which was itself based on Nicholson's *Illustrated Dictionary of Gardening*, first published in parts between 1894 and 1898.

The old line drawings in the

text have disappeared, to be replaced by mainly whole-page plates of line drawings which are too widely dispersed to do much to alleviate the very solid appearance of the text.

There are obvious gains that have been obtained from all these points of difference. First and foremost, there can have been no temptation, in a drowsy moment, to let old copy slip through unchallenged. Where all is new, everything must have been considered critically and I would expect this important work to find a great deal of favour with botanists. It must not go completely unchallenged for it is the job of taxonomists to examine their material constantly and to come up with new suggestions for more revealing or more accurate systems of classification.

Many of the names in the new dictionary are quite different from those in the volumes they replace and, where they are the same, the descriptions, although fully botanical like those of the old work, are quite new, which can sometimes be a bit disconcerting.

But, now that we have *The Plant Finder*, not only to tell us where to buy plants but what names we should be using for them, a great many of these new names have a degree of familiarity. I am interested to note that Chris Phillips and Tony Lord, compiler and editor of *The Plant Finder*, are among those acknowledged for their

usefulness in the editorial forward to the new *RHS Dictionary of Gardening*.

I have nothing but commendation for the pains which the editors have taken to explain how to use the book and what various names mean. It is the fullest and clearest such explanation I can recollect reading. There has also been an effort, characteristic of some thinking in the higher ranks of the RHS at the moment, to rate some plants for hardiness based on a fairly simple system of zoning.

There is no doubt that Anthony Huxley and his assistants have done a wonderful job — one that I would have called impossible if it had been explained to me at the outset what was proposed. I thought they were revising the work, not replacing it. The price of the new dictionary is £49.95.

□ □ □

An encyclopaedia of very different character is *Blossoms of Bretingham Garden Plants*, subtitled *Choosing the Best Hardy Plants for your Garden*. It is by Alan and Adrian Bloom, a father-and-son team; between them they have as good a knowledge of hardy plants, shrubs and heathers as anyone I know.

Alan, who has been growing and raising good plants all his life, is now 85, and still tending his famous dell garden near Diss, in Norfolk, as assiduously as ever.

Adrian has one of the most extensive heather and small conifer gardens in the UK, only a few hundred yards away from his father's, and they are both involved in Bretingham Gardens which supplies garden centres all over the country. They also have a couple of very good centres of their own and do a big retail trade.

Their encyclopaedia is well written, informative, practical, and contains no strange new botanical names to disturb its readers.

Beautifully produced, with excellent colour pictures, it is a book to instruct as well as to delight readers and browsers. It costs a reasonable £19.99, and is published by Harper Collins.

There are 3,993 genera and about 50,000 plant entries. 20 pages are devoted to the history of gardening in the UK — never attempted in the previous work — and a further 12½ pages are given to US history. Nearly 150 pages at the end of volume four are devoted to ancillary matters, such as pests, diseases and disorders; a long horticultural glossary; an index of all the authors cited in the text; an extensive bibliography; and an index of popular names which I have already found useful.

Also, environmental health officers might be concerned about a DIY water treatment works being set up in an urban area. It would be wise to check with the authorities before spending.

Of course, there is a much simpler but more labour-intensive solution for re-using grey water. Fit a hose connection to the bath drainage pipe before it joins the sewer. Position your hose, or connect it to a seepage watering system, and yell for someone to pull the plug.

■ *Mail-order suppliers:* Blackwell Products (tel: 081-305-1431) sells water butts (made from recycled bulk fruit juice containers) and the Rainmaker. Agriframes (09-52-328-644) sells butts and the Rainmaker.

How to beat the hosepipe ban

TO SAVE that camellia and beat the hosepipe ban, you splash down two flights of stairs with last night's bath water in a leaking can. Now the bath tub is scratched, the carpet is wet and your right shoulder hurts. Surely there must be a better way for you and the garden to survive these green-house summers?

There is. In fact, there are three.

■ Water less but better.
■ Catch and store rain water.
■ Recycle bath and sink water without using buckets.

All these solutions are simple. All could contribute to more beautiful gardens and reduce water consumption. A garden sprinkler uses as much water in 30 minutes as a hand

of four hoses in a day of eating, drinking, bathing and flushing. This information comes from Thames Water, the company supplying water to much of London and surrounding areas. Thames has joined the Royal Botanic Gardens at Kew to produce a guide on how to quench a garden's thirst without wasting water or damaging the plants.

Kew has cut back drastically on its watering over the past few dry years, with no harmful effects to its collection. These are its basic tips:

■ Help the soil to retain moisture by digging-in bulky organic material such as manure or compost.
■ Mulch exposed soil with compost, manure, gravel or bark.
■ Water new plants thoroughly when planting.
■ Remove weeds regularly; they take moisture and nutrients from the soil.
■ Water thoroughly but infrequently — this encourages stronger growth.
■ Ensure that plant species from dry climates are not over-watered.
■ Use rainwater to supplement the mains supply.

A modest house, or even a garden shed, can catch a surprising amount of water from the roof — around 12,000 gallons a year from a small house. The easiest and cheapest way to store it is in a simple plastic butt, available from garden centres or by mail order for

under £30. None of these predominantly green tubs is pleasing aesthetically, but they can be hidden behind a climber or painted to camouflage their presence.

Some garden centres also stock large oak barrels which have been converted into butts. These cost around £90 and look a lot better than the plastic versions. They must never be allowed to dry out and should also get a yearly coat of oil or wood preservative.

although a row of butts can look very unsightly. If you have the space and the need, then it might be sensible to buy a big tank and bury it, say, under the lawn. This might sound rather radical (and impossible for many town gardens), but as Britain's climate, especially in the southern part of England, becomes more Mediterranean, it might be prudent to do what Mediterraneanans have been doing for centuries — storing water underground.

Butts can be placed some distance away from the downpipe by using special attachments that connect to it and a length of hose. Two of the most popular are the Rainmate (£19.95 from Agriframes) and the Rainmaker (£16.95 from Blackwell). Both are installed as an integral part of the downpipe, allowing water to flow to the tank but cutting it off when the butt is full.

A drawback is that a typical butt stores about 45 gallons, which is only a little more than a sprinkler could consume in about 30 minutes. A number can be joined by connecting the overflows,

water — called grey water — by using it on the garden. This water might not be suitable for drinking, but it is only slightly murky, and many plants appear to thrive on a little Fertiliser or Fairy Liquid.

There are three main options for recycling grey water; all involve a reasonably intelligent plumber. A simple solution is to install a storage tank in the loft. This is connected to a valve and pump which fills it automatically when you pull the plug. The tank is connected

to your hosepipe with pressure supplied by gravity. Alternatively, an underground tank could be filled directly from the bath and sink and have water pumped through the hose when needed.

It is essential to separate grey and rain water, using different tanks, and to use grey water quickly, this is because it contains organic matter that will both spoil the fresh rain water (ideal for pot plants) and cause an unpleasant smell as it rots. There is also a small risk of disease.

A more complicated solution is to purify your grey water. While this is realistic only for

very big gardens or hotels, the idea is quite simple and sensible. Before being stored, grey water is filtered through sand or reed beds. Bacteria living on the roots of the reeds eat the organic matter in the water. Such a purification system can be made a feature of the garden, disguised as a pond or fountain.

In the UK, there two bureaucratic problems may hinder potential water recyclers. Water companies claim they "own" the grey water and that it is not necessarily ours to recycle. Their main concern is that deviant consumers will simply run the bath tap to fill their storage tanks during a hosepipe ban.

Also, environmental health officers might be concerned about a DIY water treatment works being set up in an urban area. It would be wise to check with the authorities before spending.

Of course, there is a much simpler but more labour-intensive solution for re-using grey water. Fit a hose connection to the bath drainage pipe before it joins the sewer. Position your hose, or connect it to a seepage watering system, and yell for someone to pull the plug.

With the water table in Britain at a record low, and Kent's population already banned from using hosepipes, Peter Knight looks at ways of keeping the roses blooming, the lawns green and the vegetables growing

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PERSPECTIVES

As they say in Europe/James Morgan

Faraway troubles

"WERE not that worried by the war in Bosnia," said a colleague from Slovenia the other day. "After all it's 400km away." A paradoxical rule of life, which journalists refuse to accept, is that the greater the distance, the worse the trouble. There were no anti-Vietnam war demos in southeast Asia in the 1970s because nobody there cared. In suburban Belfast they say that strife-torn Shankill is a world away. On the other hand, anxious parents in London fret for their daughter in Madras when an earthquake hits the Himalayas.

Confirmation of this came when I tried to make sense of events in Bosnia by looking at them from just up the road rather than through the British media. Slovenia's leading daily, *Delo*, shows that familiarity breeds nonchalance: it carries less news about the fighting than does the FT. But nonchalance does not make anything easier to understand, witness the editorial, mainly about Croatia, in *Delo* headed "The forgotten war."

The writer, Goran Moravcek, does not like Lord Carrington. He "very often equates the aggressor with the victim so it is no wonder that Lord Carrington is still pursuing his catastrophic peace policy. The war in the states of former Yugoslavia is very probably seen by major western countries as a local struggle between frenzied tribes who do not know what they are fighting for."

Contradictions emerge, not just over poor Lord Carrington, who is expected to find a peaceful solution when the writer evidently believes there is not one. The south Slav story is hard enough to follow even without well-informed observers like Moravcek. He approvingly quotes the statement of the Croatian leader, Franjo Tudjman, that he is not

supplying weapons to Bosnia, while a paragraph later it is said that vast amounts of material are flowing from Croatia to Bosnia. Moravcek also asserts that Croatia is in a position to expel the invaders without outside help, and any external intervention such as a UN peace force would be counterproductive. A central figure is the Bosnian President, Alija Izetbegovic. Moravcek maintains he owes his position to the local Croats - if they had not risen against the Serbs, he would have been out.

If being more confused means one is better informed, then I had benefited from reading this account. But the Germans would be more helpful, I thought. After all, they know the Balkans better than the rest of us.

I relied on *Die Welt's* Vienna-based expert, Carl Gustaf Ströhm. From him I learned that the Bosnian leader has a local critic - "the President of the Muslim National Council of the Sandjak, Sulejman Ugljanin."

This highlights the hitherto unreported row (yes, another one) between the Muslim population of Bosnia and that of the Muslim enclave in Serbia, the Sandjak. Ugljanin says he admires the will of Izetbegovic to settle things peacefully. "But it is madness to think that all this can be resolved in a peaceful manner." Maybe the trouble is that "all this" is a local struggle between frenzied tribes who do not know what they are fighting for.

Which brings us naturally to the German strikes. The attitude of the press seemed to harden last week. Writing of the piles of rubbish, Bernhard Blohm, also in *Die Welt*, said: "The strike stinks in the trust sense of the word, and even more those struck are the citizens of this land, are in a stinking rage over this

half-witted strike for a few tenths of one per cent."

The *Süddeutsche Zeitung* compared this strike with that of 18 years ago, but did not share the sense of public "rage". "The difference between now and then is that today the public coffers are empty. That means that citizens will be hit twice by the current strike... the one hand there is the collapse of public services which, so far, has been taken lightly. In an almost sporting manner. But also the citizens as taxpayers will have to pay the costs."

This statement of the obvious appears because it is not obvious in Germany. So once again, those on the spot often find the affair less dramatic than observers from afar who are thrilled to bits by the German strikes. As the *Süddeutsche* unapologetically points out, there is as yet no chaos in Germany.

Tuesday was an interesting day in the Moscow press. *Pravda* celebrated its 80th anniversary by making one of its occasional appearances in a special four page birthday issue. It described the occasion as a "joyous red letter day." And the paper of Moscow city council, *Kavkaz*, wrote about the link between the Los Angeles riots and Russia which lately, in the US, "has become a major source of irritation. This is probably linked with the recent visit of the deputy prime minister Yegor Gaidar to the USA and the endless debates on the \$24bn aid to be offered to Moscow... The 'not guilty' (Rodney King verdict) seemed to be the last straw for the American underclass..."

James Morgan is economics correspondent of the BBC World Service.



Voice of protest: members of the Mothers of the Plaza de Mayo gather in Buenos Aires

Mothers who mourn their lost innocents

PROMPTLY AT 3.30 every Thursday afternoon in Buenos Aires, a group of ageing women don white headscarves and begin walking, as they have every week since 1977, anti-clockwise around the monument to Argentina's independence in the Plaza in front of the Casa Rosada presidential palace.

The military regime responsible for the "disappearance" of up to 30,000 people may have fallen a decade ago, but the women - known around the world as the Mothers of the Plaza de Mayo - still gather every week to demand the truth about their sons, daughters or husbands.

Thursday April 30 was the 15th anniversary of the foundation of the Mothers of the Plaza de Mayo. Although the Mothers' courage and determination has made them internationally famous, they still have little to celebrate.

They have only been able to account for 9,000 out of 30,000 believed to have been "disappeared" - that chilling euphemism for execution - under the

1976-83 military regime. The guilty remain unpunished: three army multiples forced the government to halt prosecutions, so only 39 senior officers were ever brought to justice. Carlos Menem pardoned them all after becoming president in 1989.

And perhaps worst of all, the Mothers

John Barham reports on Argentina's 'disappeared' children

are becoming irrelevant.

They came together by chance in 1977 after a few women had tried to petition the junta for information about the missing. They agreed to meet every week until the disappeared reappeared alive - an act of outstanding courage that cost three Mothers their lives. To circumvent bans on demonstrations, they strolled around the Plaza wearing headscarves embroidered with the

names of their missing relatives and the motto "Truth and Justice".

Even today they have not given up. Hebe de Bonafini, the group's stout and energetic founder who lost two sons and a daughter-in-law, says: "I do not look for them any more. We are reminding everyone every day of things they want to forget. We are doing this for the young generation, so that these events are never repeated."

But at the Thursday gatherings, most of the people who stop to watch are passers-by or tourists. Only a few are dedicated supporters who walk with them around the independence monument. Fewer still are under 40. The Mothers have blurred into the political landscape. They are usually ignored, except on special occasions - such as last month - or when one of them gets into trouble with the authorities.

They hate Menem for freeing the guilty soldiers in the name of national reconciliation. He loathes the Mothers in equal measure, never losing an opportunity to attack them: the government is prosecuting de Bonafini for

insulting the presidency by calling Menem "trash". The prosecution demands a five month jail sentence. The Mothers are still closely watched by the security services and claim, probably correctly, that their phones are tapped. Their office was burgled four times last year - unusual for a relatively crime-free city like Buenos Aires.

Many Argentines agree with Menem and want to put memories of the "years of lead" of the 1970s behind them and look instead to the future: the economy is booming, and the government promises that sooner or later Argentina will become a respected member of the first world of rich countries.

However, as the Mothers' literature points out, their 15-year battle has conclusively proved the "hypocrisy of the institutions, the perversion of the system, the prostitution of officials." Argentina still owes them truth and justice.

They will only agree to memorials or reparations when all the 30,000 have been identified or accounted for. That will probably never happen. Yet the Mothers can draw grim satisfaction from the public's reaction to rare appearances by stalwarts of the military regime. de Bonafini says that when Ramón Campes, once the dreaded Buenos Aires police chief, entered a café recently, he was refused service and clients began leaving.

The Mothers' marginalisation is partly their own fault. They are driven by internal bickering and have split in two factions. One is a moderate, broad-based group. The other is stridently left wing, attacking Menem as much for his conservative economic policies as for having pardoned convicted torturers and murderers.

They still remain active in human rights work. Although democracy was restored ten years ago, Argentina's police retain a fearsome reputation. Beatings and torture are common, and summary execution of suspected criminals is on the rise. Now, as in the 1970s, the courts rarely give redress.

Perhaps the most remarkable part of their work has been the effort to track down and recover children born in captivity and given to foster parents after their mothers were executed. In a few cases, babies were stolen and their mothers released. Seven infants are known to have been murdered.

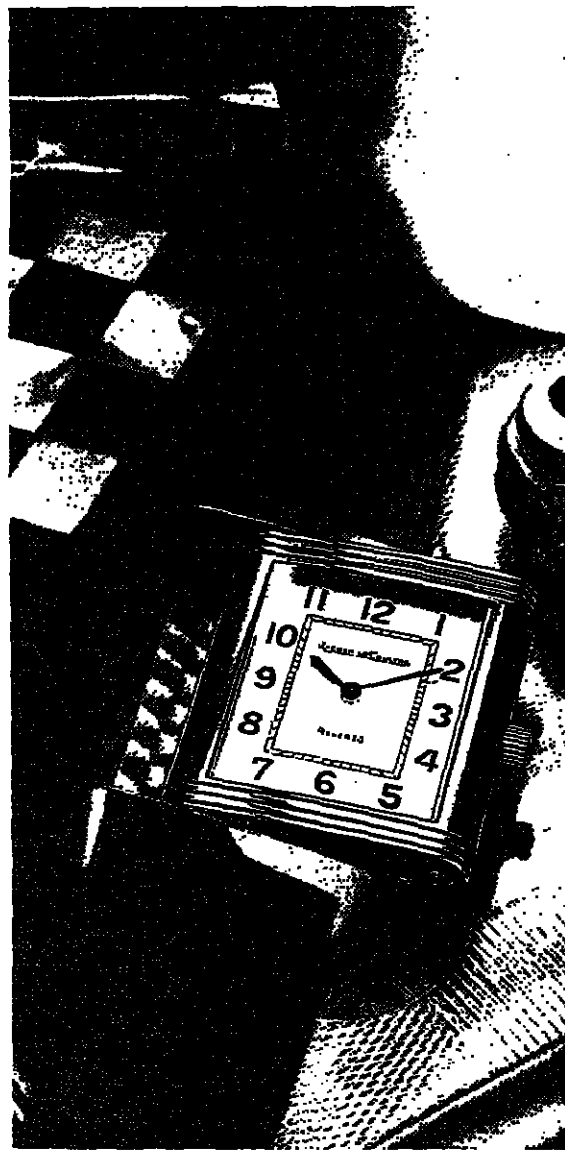
A sister organisation, the Grandmothers of the Plaza de Mayo, is dedicated to finding the grandchildren they have never seen. They have located 50 children, half of whom now live with grandparents or relatives. A further 13 remain with their adoptive families after it was established that the foster parents had acted in good faith and were not involved in the death of the child's parents. Five cases remain in the courts.

The Grandmothers have proof that 213 children were kidnapped, which leaves 163 still missing. However, they suspect that far more, probably over 300, were taken. Miraculously, many of those recovered have grown into well-balanced teenagers who have come to terms with their traumatic past.

As the Grandmothers themselves say, they are literally working against the clock. They are storing blood samples that can be used to establish the true identities of their missing grandchildren through sophisticated biogenetic testing long after they have died.

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Motoring / Stuart Marshall

The Metro's transplant

TWO NEW versions of Rover Group's Metro - an automatic and a diesel - went on sale this week. They are so good that it really is high time the car was given a name properly reflecting its status.

Eleven years ago the Austin Mini-Metro was launched as an intended successor to the already 21-year-old Mini. It was quite successful, not least because it was the obvious car for Mini owners to trade-up to.

But there were quality and reliability problems. The power train - the Mini's growling pushrod engine with a 4-speed gearbox buried in its sump - was past pensionable age. Gradually, people who might month have bought Metros went in for more up-to-date Ford Fiestas and Nissan Micras, Vauxhall Novas and VW Polos instead.

Two years ago everything changed. The Metro had a heart and lung transplant. Out went the grating engine and four-speed box. In came Rover Group's outstandingly efficient K-Series overhead camshaft engine; a new Peugeot-designed but Rover-made four or five-speed gearbox; and a new Hydrazas suspension. It was virtually a new car, even though it still looked much the

same as the old one. And build quality had improved beyond recognition.

From trailing the supermini field, Metro had found its second wind and was up near the front. Two years on, it is still there, which brings me to its name. Why not recognise its role as starter model for the Rover marque and badge it as a Rover 100?

It is already called that on mainland Europe, where they think of a Metro as an underground train. Giving it the title of Rover 100 in Britain would lay the Austin ghost and be an honour long overdue.

The five-door Metro 1.4S automatic with an exhaust catalyser which I tried last month was the best small two-pedal car on the market. Its Volvo-developed continuously variable transmission (CVT) is much simpler than a conventional automatic.

I found it quick off the mark and very lively indeed when overtaking. It romped up steep hills and restarted easily on a 1-in-4 gradient. Finish inside and out was good, the whole car felt taut, the seats were soft yet supportive and the ride by far the best in the Metro's size and price class.

It may not be important to those who will buy it as an



The latest Rover Metro. A class leader

easy-to-drive runabout, but it handles beautifully on corners and has all the roadholding one can safely use. The steering is very light on the move and not objectionably heavy when parking. Even so, I have to admit there is nothing quite like power assistance, which is not available on the Metro, for truly effortless parking and low speed manoeuvring.

Early cars with CVT were odd to drive. When accelerating from a standstill, their engines raced up to high revolutions and the car's speed rose slowly in response. But the Metro behaves more like a car with a super-smooth conventional automatic in which gear changes are undetectable. (The CVT has no gears at all.)

It is very quiet mechanically. At a motorway cruising rate

the loudest noise was the swish of tyres and a fair bit of wind roar from the sunroof.

The CVT is available in seven Metro models from the entry level 1.4L to the sporty GTa at list prices ranging from £9,197 to £12,418. All have the same performance - a 100 mph (161 kph) maximum and will reach 60 mph (96 kph) from a standstill in just over 11 seconds. Fuel consumption should be around 38 mpg (7.43 l/100 km) provided you are not laden-footed or make only very short journeys.

The new Metro diesel is just as impressive. Its 1.4 litre engine, a PSA Group product, is used in the Citroën AX and will soon appear in the Peugeot 106. Like the two-pedal version, the Metro diesel is also best in class.

Inevitably, it is throbby at

start up and it chuckles loudly when idling. But on a motorway the diesel Metro is quiet enough to be taken for a petrol engined car.

Even when accelerating - and its pick up in third and fourth gears in the important 30-60 mph (48-96 km/h) range is positively vigorous - it sounds subdued.

The small amount of extra weight up front has no effect on the handling or ride comfort. It steers easily, too, on the move though inching into a parking slot is just that much more of an effort.

The Metro diesel comes as a three or five door in two trim levels with a five-speed gearbox.

Prices start at £8,500. An economy-minded owner will have no difficulty in averaging over 60 mpg (4.7 l/100 km).

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Toasting the dead at the end of the earth

WHEN NINO Ivanishvili was 18 and studying English at the University of Tbilisi, she spent her summer vacation in an isolated village high in the Caucasus mountains. It was here, one sunny afternoon, that she was kidnapped by a young man, driven half-mad by the sight of her looking in a nearby mountain stream.

Without knowing it, throughout the summer Nino had been under the constant observation of the son of one of the peasant families in the village, a young man of few words and strong passions. Normally she would have been safe from such attentions, for the code of social conduct in these mountains is strong. But this is also an area of fierce and enduring blood feuds. The fact that Nino was the guest of a family engaged in a vendetta with the young man's family made her fair game and an object worthy of theft.

Had it not been that Nino's screams were heard by her hosts as the young man threw her on to a horse and galloped into the hills, Nino today might be a mountain man's unwilling wife rather than a professional translator. A mounted chase ensued, rifle fire was exchanged, and the young man eventually relinquished his prize and retreated. Nino subsequently made a rapid return to the city.

"What is the name of the place where this happened?", I asked Nino when she had finished telling me this story one afternoon not long ago. We were sitting in a gloomy restaurant off a narrow, choked street in Tbilisi. For months the Georgian capital had been an unhappy place, beset by political violence, shortages and insecurity. But up above the level of the street, over the smog and strained faces, I could see a serene blue sky, and imagined it set against snow and high mountain peaks.

"It is called Svaneti", she replied. "It is far, into the Caucasus, and very difficult to get to. There probably isn't even enough petrol available these days to get there."

Immediately I wanted to go to

Svaneti, and persuaded Nino to take me there, petrol or no petrol. Anywhere where such reckless, medieval robbery could still take place must, I reasoned, be well worth a visit.

Svaneti, in the high Caucasus of north-western Georgia, is indeed a remote and inaccessible area, and it took us 14 spine-jarring hours in a Russian-built jeep to get there. We were not the first to go by motorised vehicle - rough, unpaved roads first began replacing mountain trails there in the late 1930s - but Svaneti continues to be four-wheel-drive country, the wildest and least developed region in the trans-Caucasus.

In fact, what little I had been able to pick up about the Svans, a proud and fiercely independent people with a reputation for violence, left

Nicholas Woodsworth finds a warm welcome among the fearsome Svans of Georgia

me hoping that 50 years of socialism had at least had some calming effect on their character.

Certainly pre-communist Svans had little liking for outsiders. In the late 19th century, I learned, Puta Dadeshkeliani, a feudal lord from the Georgian lowlands, foolishly tried to extend his influence into Svaneti. The Svans invited him to a meeting in front of one of their churches, whereupon the entire congregation helped pull a string attached to the trigger of a rifle, thus giving each present the pleasure of killing the intruder.

Perhaps the Svans had been right to resist foreign intrusion; Soviet socialism has left ugly traces on the face of Georgia. Heading westward over the plains towards the Black Sea, we drove past factories where chimneys belched toxic green smoke on to adjacent vineyards, past concrete housing developments, hunkering in the middle of vegeta-

ble plots, past state co-operatives where cannibalised tractors and farm machinery littered the fields.

But communism has had a tougher time making marks on one of the world's great mountain ranges. From the sub-tropical plantation town of Zugdidi, near the Black Sea coast, we saw the Caucasus rise with little warning, dark and massive, above citrus groves and long alleys of tea bushes. Half an hour later we were into the hills, and had left the world of socialist reconstruction behind.

This is a wild, rough land. The higher we climbed, the more rugged and unfinished-looking the mountains became. 15,000 ft summits left the road in shadow. Boulders the size of houses were strewn through river valleys. Great chunks of fallen mountainside sat battered and raw at the bottom of deep canyons. Wherever wide swathes of pine forest had been knocked down by avalanches, bare rock and terra soil lay exposed. In the Caucasus, it seems as if the work of creation is still in process.

Even the people we passed had a rough, primitive air. Hiding stocky Caucasian ponies, their briefly, unshaven faces surrounded by curls of brown felt, the men looked like brigands. Their women, dressed in black woolen skirts, trudged along the roadside bent double under the weight of heavy backpacks. Some of the locals, apparently, had not even discovered the wheel, or at least disdained its use - they were dragging tons of firewood along the muddy road on sleds of heavy wooden runners.

"What are those shrines?", I shouted to Nino as the jeep bucked round hairpin bends under the direction of Otar, our mazy, Georgian driver. I pointed to a curious roadside construction, something like a telephone box, where inside, on a little shelf, I could see a framed photo, flowers, a bottle and two glasses.

"They mark places where people have been killed in road accidents", Nino shouted back. "When friends or family pass by, they stop and toast the dead with a drink." Judging by the number of shrines and

empty bottles piled beside them, crashing cars and toasting the dead are equally popular activities in these mountains.

Upwards through the Svan homeland we drove, until we could drive no further, and stopped at Ushguli. At 7,200 ft it is the highest permanently inhabited village in Europe, and feels like the end of the earth.

The 19th century English traveller Douglas Freshfield described the Svans as "the most savage and dangerous-looking set of people I have ever come across." Entering Svan villages, he encountered inhabitants who, "yelling and jabbering, barred the way, while others brandished swords, daggers and pistols."

But unlike Puta Dadeshkeliani or Douglas Freshfield, we skidded up through the narrow, stony lanes of Ushguli unarmed and without hostile intent. In return, the villagers brandished nothing at us but smiles. In no time at all we were

comfortably installed in a kitchen full of the odours of good things cooking, and warming ourselves with the help of a cast-iron stove and glasses of mead made from alpine honey. Our host, Kolia Nijadze, may have looked like a wild-eyed bandit, but a rough demeanour hid only a gentle cattle farmer.

Perhaps it is their demanding environment that makes the Svans look so tough. Winters in Svaneti last eight months, with temperatures often dipping below -30°C. Snowfalls are extremely heavy. When a Svanetian tells you he is frequently cut off from the outside world, he does not merely mean that the roads are blocked, but that he cannot get out of his front door. Snow is sometimes so deep that the houses of Ushguli disappear entirely.

In times like these, and when avalanches roar down the slopes of the surrounding mountains, Svanetians

retreat to their 100-ft watchtowers. Built in the middle ages of granite and slate, the strength of the watchtowers remains something of a mystery. Russian chemical engineers analysing the composition of Svaneti mortar claim egg yolk was an essential ingredient. But Soviet science was never able to explain how the Svans managed to amass enough eggs to build over 60 of these tall towers. Now it never will.

But if the Svans lead a rigorous life in their mountain fastness, their isolation has given them a special attitude to the rare visitors who do happen by. Caucasian medieval tradition has it that guests come from God, and should be treated accordingly. If family feuding ranks high in the Caucasian code of honour, generosity, friendship and hospitality towards strangers ranks even higher. The only real danger a visitor to Svaneti runs is cholera, not from the food and drink

with which he is pilled from morning to night.

The sun shone, the birds sang, the snow above us glittered in the thin mountain air. Nino, Otar and I wandered among the cows and goats scattered on the alpine pastures surrounding the village. We climbed watchtowers and visited the church where Puta Dadeshkeliani came to a sticky end. We gorged ourselves on a suckling pig killed in our honour. We listened to stories about bear hunting, mountain trout fishing and killer avalanches. We were toasted in vodka that ran like water. We sang Georgian counterpoint in three-part harmony.

We did, in fact, just about everything that pleased us, with one exception. When Otar and I suggested a swim in the clear mountain stream that ran through the hills not far from the village, Nino, for reasons of her own, declined to join us.

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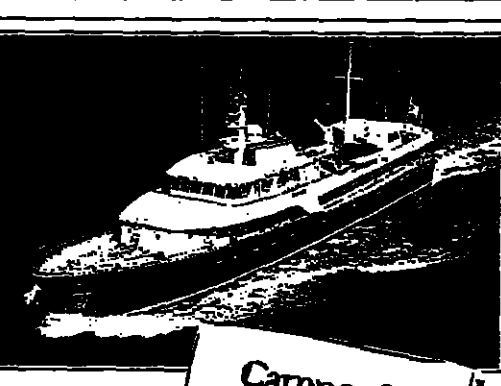
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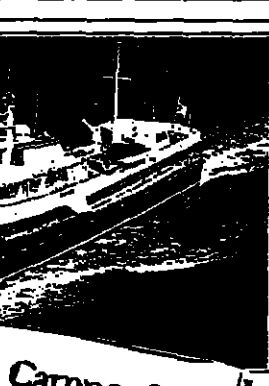
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PROPERTY

Town and gown don't mix much

John Worrell finds that Cambridge has too many cars and not enough residential roads

HERE IS a touch of oil and water about Cambridge.

This flat Fenland city, on a quiet tributary of the river Great Ouse, has among its 105,000 residents 14,000 university students, 2,000 polytechnic students and, at any one time, an indeterminate number of transitory foreigners learning English. Its student population is the highest per capita in the UK, including teaching staff, and the staff to service them, the academic fraternity accounts for nearly a fifth of the city's population. But the academics barely mix with the indigenes.

In the last decade or so,

another globe has appeared in the form of new industries drawn in by the university's cerebral power. This section of Cambridge's population is slightly more assimilatory, because its members tend to be there longer-term. But a good number of its higher paid workers drive in each day from elsewhere, thus contributing minimally to the city community and massively to the city traffic.

According to the city planning department, Cambridge now provides 30,000 jobs within the city, and a further 36,000 jobs in the immediate hinterland which includes Cambridge Science Park. That is

more than enough employment to support a community twice its size. It also means 30,000 inward daily commuters to the city itself.

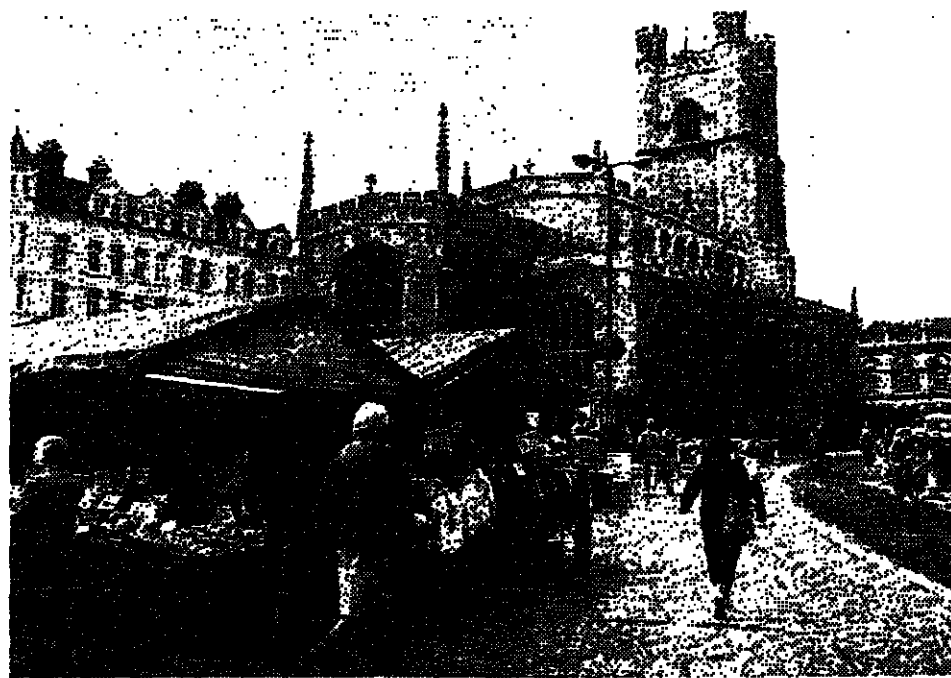
The effect on the city's housing market is complex and difficult to quantify. Relatively high wages from an inherently strong local economy, with a largely recession-proof educational element at the heart of it, would seem to be a plus. Cambridge has weathered recession relatively well so far. But it is a two-edged sword for the community as a whole.

At the bottom end, relatively affluent students can usually outbid low earners for private rented accommodation. To the average householder, £50 or £60 per head per week for bed and breakfast from people who are otherwise hardly in the house is preferable to tenants on income support or housing benefit who may be there most of the time.

Last year Cambridge City Council accepted 307 statutory homeless families. That comes close to 1,000 people; a very significant proportion of the non-academic community, and one which has grown from almost nothing in 10 years. Such families accounted for 75 per cent of council housing allocations in 1991, and their numbers are expected to increase.

The demand for rented accommodation stems not so much from the university (92 per cent of its undergraduates and 30 per cent of its postgraduates live in college residence or in rooms in university-owned houses), but from the more recently expanded polytechnic and language colleges which are less able to house their students.

By the same token, you would suppose that demand in the renting sector would offer an opportunity to hard-pushed mortgagors on the lower and middle rungs of the housing ladder to let out a bedroom or



Town... Cambridge's old-world charm is much in demand

two. There are no reliable figures on how many actually do so, because most people do not inform their lender that they do so - though they are supposed to. Estate agents say that repossessions have increased (the first question from cheerful potential purchasers is often whether any repossessed houses are available); but most agree that Cambridge seem to have avoided the worst effects of the housing downturn.

Cliff Verrill, assistant general manager of the Cambridge building society, confirms this: "There has been a slight increase in arrears, but we do not have a problem. Cambridge as a whole is certainly not as bad in that respect as other parts of the country."

He adds that where problems do occur, his building society is naturally keen to do everything to help borrowers in any way possible. "We do not actively promote the renting ethic, but if borrowers are in trouble, renting is certainly one option they could look at."

Although there was a substantial drop from the peak of 1988, a price survey by the society showed that average city centre prices were holding up reasonably well. At the end of December 1991 they ranged from £85,000 for a small terrace to £102,000 for a modern detached house. While that generally represented a small drop over the preceding year, small terraced houses had

actually risen in value, somewhat against the trend elsewhere in East Anglia.

To some extent this may be explained by captive demand in a relatively buoyant city. "City properties are easier to sell than country properties," says Martin Green of Catlings, the house agents. "That has always been the case. And there is always a demand for correctly priced first-time buyers' houses."

But as Ian Purkiss, of estate agent Hockeys, points out: "A healthy letting sector means that there are always small speculators who will try to buy with a view to letting. A house worth £65,000, let to four students, would probably produce about £550 per month, which isn't a bad return."

At the upper end of the market, much of the quality housing in the central area is already owned by the colleges of Cambridge University - constantly in the market for more housing to accommodate their students and staff. Anything of the right quality in the right place with the right planning profile (the city council is not always willing to see large houses divided into small units) is usually snapped up. Most vendors are aware of this specific demand, and properties often sell without reaching the open market.

But supply is limited. For the fact is that beyond the Backs along the river Cam, the colleges, and the ancient streets

of the centre, Cambridge is a surprisingly bland city, with rows of Victorian, Edwardian and inter-war property, and a very limited supply of distinctive housing. As Jock Lloyd-Jones of Bidwells puts it: "Cambridge is not blessed with its fair share of prime residential roads. One could perhaps name half a dozen good roads, and after that one is struggling. What has been proved time and time again throughout this last year in Cambridge is that location counts more than anything when it comes to a difficult market."

No one presumes to know where the market will go from here. Economic uncertainty and election prospects are invoked as reasons for not giving a view. What is clear is that the new industrial base which the cerebral power resources have attracted and nurtured is a resilient creature in the face of the present economic malaise.

Despite its share of casualties, it seems to be self-regenerating; it looks set to grow as much as economic conditions and planning considerations will allow. Its demand for housing for its highly paid employees tends not to be directed at the city so much as at Cambridgeshire's outlying villages - hence the commuting problem. Most local feeling is that the further out housing is pushed without curbs on employment, the worse will be the traffic problem become.

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It is not surprising that rectories have been so popular. The Church has been selling them hard since the 1960s, but by now it has very few such properties left. If one does come up, give it special attention, even if it looks a mess and the garden is a jungle.

It is bound to need painting, but the fabric should be sound - thanks to the Church's system of five-year inspections. And, as the first private buyer, you have a rare chance to re-do it and put in bathroom the way you want, rather than suffer some intervening owner's "improvements."

Do not get upset if negotiations take time. The church is an institution for eternity, which is how it sees its investments and its property. Furthermore, the house could be sold with more restrictions than you expected, although these are hardly likely to impede you. You will almost certainly be forbidden to turn it into a pub, or to make noise during services in the church next door. And you probably will not be allowed to call it the Old Rectory. The usual reason given is that people seeking counsel may come to the wrong house (although only three lots of giggling couples came in the early years to our former rectory - they wanted me to marry them).

In pre-poll tax days, parson-

ages were re-rated when they went private. Something similar will happen with the council tax. Our rateable value went up eight times, which affected the water bill. If there is a meter, it could pay to negotiate to keep it and be ahead of the crowd when meters become mandatory in a few years.

If you buy glebe land for a paddy paddock, beware of a hazard called chance repair liability. Glebe is land used by the parson to supplement his income, either by letting it or working it himself. Since before the Reformation, the owner of the glebe has had a duty to pay for repairs to the church's chancel. In effect, the parson paid to maintain his holy bit of the church at the east end with the altar.

This arcane liability can pass to any succeeding owner, although it is most unlikely that any parsonial church council will invoke it. But because it is a charge on the owner, and not on the land, it will not show up in normal searches.

The Law Commission recommended that the liability be repealed but the Lord Chancellor's department has still to decide if it will introduce legislation. In the meantime, it might be wise not to raise the matter, as the parson and church council may be unaware of the liability.

If you are worried, though, go to church and see what you might be letting yourself in for.

If the chancel looks in bad shape, suggest your solicitor seeks an indemnity against liability from the diocesan board that will be handling the Church's negotiations.

The good news is the Ecclesiastical Residences Act 1776. It says that when a rectory moves from church to private domain, you do not have to pay stamp duty.

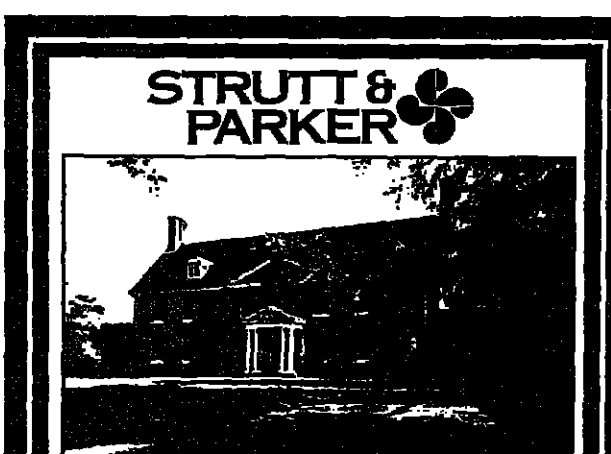
Finally, when you complete the sale, the parson will sign as the vendor - because what you have just bought is, by long custom of the church, the parson's freehold.

Gerald Cadogan

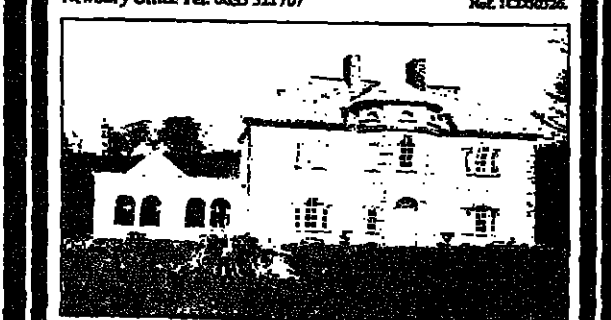


Gown... colleges such as St John's are a big draw

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BOOKS

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THE BYWAYS of literature, like those of a city, can lead wanderers to unexpected delights. Elisabeth Henry's book exemplifies this. In equal parts charming and fascinating, it sets out to explore the Orpheus myth, and in the process ranges with marvellous ease across time and the breadth of our culture. We move in the company of Aristotle and Apollonius Rhodius, Virgil and Monteverdi, Milton and Keats; we discuss Plato's views on the soul's immortality, and Harrison's recently staged *Trackers of Oxyrhynchus*. We explore the psychological effects of music; we witness conflicts between

ORPHEUS WITH HIS LUTE
by Elisabeth Henry
Bristol Classical Press (Duckworth)
£30, 227 pages

classicism and romanticism; we ponder sexual love, religion and mysticism. This is a rich mixture, but so lightly confectioned and elegantly served as to be irresistible.

It is not surprising that a book on Orpheus should range widely. The story touches so many nerves that it is hard to find a single area of human creativity unaffected by it. It is like the note which, when struck, sets all the strings of the orchestra thrilling in response.

At school, reading Virgil's *Georgics*, we learned that the beekeeper Aristaeus pursued Eurydice, who stepped on a venomous serpent as she fled. Aristaeus's bees died, and when he consulted the reluctant and metamorphic seer, Proteus, to find out why, he learned that it was punishment for Eurydice's death and its still more tragic sequel. For Eurydice was Orpheus's betrothed, and when she died he sought her in Hades, employing his potent music to charm its rulers. They agreed to let him take Eurydice back, provided he did not look at her until they attained the light.

But he did look, and lost her again. This time for ever. He wandered the country in an agony of grief, playing music



Lord Leighton's 'Orpheus and Eurydice' is at Leighton House in London.

of indescribable beauty and sorrow. His music tamed savage beasts, who came and mourned at his side; and cliffs and huge oaks uprooted themselves to follow him. But female votaries of Dionysus, drunk and inflamed in their revels, angry that he refused their invitations to sport with them, one night attacked him and tore him to pieces. Virgil says that as his head floated down winding rivers to the coast of Lesbos his deathless tongue cried, "Eurydice, Eurydice!"

Much has been made of Orpheus's fatal backward glance. Leighton's painting of the moment, with Eurydice imploring Orpheus's gaze, inspired the eroticism of Browning's verse: "But give them me, the mouth, the eyes, the brow! Let them once more

absorb me! One look now! Will wrap me round for ever." In Monteverdi's opera, as in Ovid, it is not Eurydice's impurity but Orpheus's anxiety that prompts his disobedience to the gods; he turns because he is afraid she has weakened or fallen.

But the backward glance has been emphasised chiefly by Romanticism, shallower than its rival tradition. It is notable that Eusebius, writing in the fourth century, depicts Orpheus as subduing the powers of hell with his mastery; but Poliziano, in 15th-century troubadour style, has him begging Persephone to "pity a poor lover."

Eusebius invokes a majestic Orphic theme: the power of music, which can heal and charm, reveal truths, put man in communion with the divine.

Orpheus is the type of many spell-binding musicians, like the Pied Piper and Mozart's magic flautist. He is kin to David the psalmist; it says in 1 Samuel, "when the evil spirit from God was upon Saul, David took an harp, and played with his hand; so Saul was refreshed, and was well, and the evil spirit departed." Shamans also used music to control spirits and visit the Beyond. This illustrates music's connection with religion and inspiration.

Orpheus's "katabasis", his journey to and from the underworld, is the paradigm for many tales of heroes, gods and poets, from Odysseus and Heracles to Christ and Dante. But Orpheus's journey is truly central: for it underlies the belief in immortality crucial to Plato's philosophy, and which, by way of Neoplatonism, entered Christianity. For centuries Christians had no belief in a soul but anticipated bodily resurrection on earth at the Second Coming. With this delayed *sine die*, Christianity imported Orphic concepts of an immortal soul and judgment in the afterlife.

These and a dozen other themes of extraordinary fascination for anyone interested in literature, psychoanalysis, poetry, philosophy and religion, crowd Henry's pages most readably. After each chapter she asks, what is a poet? Here is my only reservation: her poet is too Dionysian for me, too frenzied and uncontrolled.

It is odd that she should infer this from the Orpheus story; for he, said by some to be Apollo's son, was destroyed by Apollo's enemy, the classic overthrown by the romantic. Yet, when Orpheus, priest of poets, went through hell, he seems to me to have kept, on the whole, a classically very clear head.

A.C. Grayling

Behind the Shropshire Lad

Anthony Curtis takes a look at the life and work of A.E. Housman

THE TIDE of taste ran strongly in Housman's favour during his lifetime - copies of *A Shropshire Lad* were in great demand during the First World War - and then it turned against him when he died in 1936. Cyril Connolly, writing then in the *New Statesman* and *Nation*, declared:

"The truth is that many of Housman's poems are of a triteness of technique equalled only by the banality of thought; others are slovenly, and a quantity are derivative - not from the classic but from Heine, or from popular trends - imperialism, place-nostalgia, games, beer - common to the poetry of his time. *A Shropshire Lad* includes with some poems that are unworthy of Kipling others that are unworthy of Belloc, without the excuse of over-production through economic necessity which those writers might have urged."

Further stick came from within Housman's own circle of Cambridge, where attacks on him were launched in *Scrutiny*. F.R. Leavis and I.A. Richards were enraged by Housman's Leslie Stephen Lecture *The Name and Nature of Poetry*, delivered in 1933, with its denigration of the Metaphysicals and most of the English 18th century poets; and in which Housman propounded his famous razor test for poetry: "Poetry indeed seems to me more physical than intellectual... Experience has taught me, when I am shaving of a morning, to keep watch over my thoughts because, if a line of poetry strays into my memory, my skin bristles so that the razor ceases to act. This particular symptom is accompanied by a shiver down the spine..."

T.S. Eliot had, however, some good words to say for the lecture, and the new young 1930s "Macspanday" poets (Roy Campbell's useful abbreviation), especially Stephen Spender, did admire Housman; or seemed to until Auden put the boot into Housman in his cruel sonnet about him, "Deliberately he chose the dry-as-dust, / Kept tears like dirty postcards in a drawer..."

But since the Second World War the tide has turned once more, and as these two books under review testify, Housman is riding high again. His work has been kept alive by new and ever more complete editions - a quantity of his poetry remained unpublished at his death - and by biographical revelations.

As is now well-known, Housman was homosexual but powerless to do much about it. The great love of his life was a fellow undergraduate Moses Jackson, who appears to have been completely indifferent to him sexually and who got married sometime after Oxford without telling Housman. His career was spent largely in India so that Housman rarely saw him,

HOUSMAN'S POEMS
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by Keith Jebb
Seven Books (Bridgeend, Mid-Glamorgan) £11.95

making memories of him all the more powerful. As a Cambridge Professor of Latin and a Fellow of Trinity, Housman (after ten years as a dogbody in the Patent Office) was by then largely restricted for his social life to the donnish world of High Table; in term time at any rate. As an enthusiastic pioneer air passenger Housman did fly off in the vacations to places like Paris and Venice, where he seems to have enjoyed a special relationship with his gondolier. Some cryptic notes in his hand on a piece of card that has survived suggest he may have gone in for rented male companions in the French capital.

All this stands today as the sub-text to the poems about red-coats, bugles, reveille, athletes, lost love, lads, lassies, and public hangings, those poignant lyric poems full of memorable lines like "An air that kills..." highly individual versions of English pastoral. Christopher Ricks did a useful job a few years ago editing the poems. His Penguin *A.E. Housman Collected Poems and Selected Prose* (1988) gives to the ordinary reader all he needs of Housman's work in one convenient inexpensive volume. A complete edition, based on fresh scrutiny of the heavily corrected manuscripts by Archie Burnett, seems to be on the way.

Both Bayley and Jebb compare Housman to Larkin. There are striking similarities between the two bachelor poets, most obviously in their insistence on several degrees of separation between the private secret self manifest in the poetry, and the public existence and activity of the professional man: the professor of Latin literature and textual scholar in the one instance; the university librarian in the other. Both happened when they were young men to be students at the same Oxford college, St John's, and both as old men left their unpublished papers in a mess for their executors to tidy up.

Bayley claims that there is an even greater kinship between them than merely one of external stance and of shared attitudes (pessimism about sexual happiness, acute consciousness of degradation, religious scepticism); he argues that there is a kinship in the way their poetry works in the mind of the reader.

"Meeting Housman or Larkin in their poems [he writes] can be like experiencing

a change of consciousness. Poetry like theirs gives us an abrupt feeling of what it is like to be someone else, putting us in touch with them more immediately, and as vividly, as might in other circumstances be the case with a novelist and his characters."

The comparison with Larkin is but one of many with the work of other poets made by Bayley in his attempt to define Housman's deceptively simple directness: Emily Dickinson, George Darley, Sturge Moore, John Davidson, Walter de la Mare, Warren de Tablay, Paul Celan (the modern German poet of the Holocaust, author of *Death Fugue*) are some of the surprising names he throws into the ring alongside the expected ones, Shakespeare, Daniel, Collins, Browning, Yeats. The book, though short, is taxing and illuminating; it may be read not merely as a reappraisal of Housman but as a meditation on the nature of poetry by a leading member of the Oxford English school.

In seeing Housman in such a wide, international perspective Bayley tends to neglect his local habitations and his homosexual nature, no doubt believing these have been gone into more than enough already. He does not, for instance, comment on the one poem Housman wrote about Oscar Wilde (without actually naming him): "Oh who is that young sinner with handcuffs on his wrists?" By contrast Keith Jebb, whose first book this is, closely examines this poem and the possible impact on Housman of the Wilde trials - they came on at around the same time *A Shropshire Lad* appeared. Jebb, who is perceptive about Housman the man as well as the poet, was born in Shropshire. His short book, which starts splendidly and then seems slightly to run out of steam, is part of a series, *Border Lines*, dealing with writers and artists whose work and lives stem from the Border country between England and Wales.

Housman was not a Salopian born and bred. He grew up in neighbouring Worcestershire in a large family headed by a weak father but managed by a caring mother whom he loved dearly, and, after her death, equally well by a friendly step-mother. Ludlow and Shropshire at the period of the Boer War were for him legendary inspirational romantic regions, not areas he knew at all well at first hand. Nonetheless, like Shakespeare and Venice, he brings them to life with a sense of pleasantly realised actuality. The relevance of his poetry, several wars and holocausts later, is something made abundantly clear by both these books. Connolly's final twist of the knife was his remark that Housman "will live as long as the BBC"; but it begins to look as if Housman will be the more enduring of the two.

Sweet desolation of freedom

TONI MORRISON'S fifth novel, *Beloved*, which won the Pulitzer Prize in 1988,

explored the immediate psychological aftermath of slavery in the US during the post-Civil War Reconstruction era. Conceived as a sequel, *Jazz* is set in Harlem in 1926 among the burgeoning community of African-Americans who fled north after emancipation to escape landlessness and lynchings.

While the novel's unnamed narrator hymns "the City" in confiding, colloquial tones, relaying snippets of melody from street-corner musicians and ubiquitous Victrolas, the *Jazz* Age and the Harlem Renaissance are only obliquely evoked. *Jazz* is present principally as a motif, signalling a new freedom and sensuality alongside an overwhelming compulsion to forget. "Here comes the new. Look out. There goes the sad stuff. The bad stuff... Forget that. History is over, you all, and every thing's ahead at last."

The vision proves illusory for Joe Trace, a door-to-door beauty produce salesman and his wife Violet, who arrived from Virginia 20 years earlier on a "dancing train". The novel begins as Joe has shot dead his young lover, Dorcas, whose face Violet has

attempted to slash with a knife at the funeral. It is the complex motivations behind this melodrama that unfold through the fragmented narrative, with its flashbacks to the south, of families dispossessed, houses burned, men hanged and mothers absent or suicidal.

Through Morrison's fictional "re-membering" of forgotten black histories she suggests the delusory nature of free action where the determining demons of the past have been neither exhumed nor exorcised. The music that expresses freedom's "sweet desolation" also contains a "complicated anger", disguised as "flourish and roaring seduction", that can trigger self-destruction.

Yet, in a narrative twist, *Jazz* reaffirms the possibility of freedom, of transcending rather than succumbing to the past as "an abused record with no choice but to repeat itself at the crack". In place of the sensational events initially promised the reader, Joe and Violet opt for a healing, even cloying, reconciliation, for "figuring things out". The storyteller confesses both her power and her inadequacy, her characters having been "busy being original, complicated, changeable, human... putting their lives together in ways I never

dreamed of". While *Jazz* displays Morrison's supreme ability to illuminate social process and the sweep of history through character, those seeking the emotional authority of *Beloved* or the visionary intensity of *The Bluest Eye*, *Sula* or *Song of Sol-*

JAZZ
by Toni Morrison
Chatto & Windus £14.99, 229 pages
PLAYING IN THE DARK
by Toni Morrison
Harvard Univ. Press £11.95, 91 pages

omom, are likely to be disappointed in *Jazz*'s preoccupation with its own construction: the self-consciousness of the telling has perhaps been at the expense of the tale.

Morrison, a revered chronicler of the African-American experience, in a collection of essays on the work of white American writers, challenges "American Africanism", the "disabling virus" of myths, stereotypes and misconceptions of African peoples, to which her own fiction is a powerful antidote. In *Playing in the Dark* she argues that, just as the Enlightenment's concept of freedom was parasitical on the reality of slavery, the rights of

man yoked inevitably to the assumption of racial hierarchy, the concerns of a nascent American literature were shaped by the white relationship to a "dark, abiding, signing Africanist presence".

Developed with illustrations from Poe, Twain, Melville, Hemingway and others, Morrison's argument provocatively extends critiques of colonial literature (notably Edward Said's *Orientalism*, or the Nigerian Chinua Achebe's dissection of Conrad) to white American writing in its relation to its own subordinate black population. In doing so, she challenges the "universalist" or "race-free" pretensions of a literature whose habitual resort to shorthand constructions of blackness marks it out as the product of white writers with an assumed white readership.

More crucially, her sombre conclusion that racism "is as healthy as it was during the Enlightenment", its utility as a metaphor having outstripped its ideological purpose in justifying economic exploitation, lays down a challenge to others to share her own project as a writer: to "free-up" the language from the "sinister, lazy, predictable racial codes" that pervade and impoverish it.

Maya Jaggi

SUSTAINABLE DEVELOPMENT

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Citizens in uniform

THE CHIEFS: THE STORY OF THE U.K. CHIEFS OF STAFF by General Sir William Jackson and Field Marshal Lord Bramall
Brassey's £30, 508 pages

Bannerman's apt phrase "a fighting but not a military nation", they failed to grasp that bureaucratic reform, whereby the Admiralty and War Office did establish some semblance of co-operation, was not the same as thinking hard about strategic issues. The establishment of the Committee of Imperial Defence in 1904 was a step in the right direction, but failed to provide governments and the armed forces with the logical corollary to strategic thought, namely a staff structure which would plan for defence or war, on a national, not an individual Service, basis. The price for ensuring that the British sailor or soldier remained merely "a citizen in uniform" was demonstrably one which British democracy had to pay, but the cost of subordinating strategy and the means of implementing it to administrative reform was high.

The authors, having thus cleared the ground, put us further in their debt by tracing

The authors' commentary and their candidly expressed opinions really come to a sustained critique of a central element in modern British history: adhesion to imperial commitment, aversion from the Continental commitment. The Falklands war in 1982 and the Gulf war in 1991 must be seen as a very late flowering of imperialism, and however much one says that neither conflict has any lessons for the future, and that Britain's primary strategic role must remain in Europe, the authors clearly think otherwise.

There is merit in their arguments that "out of area" crises and conflicts are not only likely but will make demands on Britain's armed forces, but there is a touch of casuistry in the supposition that if Britain had always pursued an imperial (or strictly speaking maritime) strategy and eschewed the Continental commitment much British blood and treasure might well have been spared. For which

the answer would seem to be: two world wars might have been prevented if Britain had honoured the Continental commitment in time. But the Chiefs of Staff were not only "terrified" of such a commitment in the 1930s, whether in relation to France or Russia (the word is that of an official historian, not this reviewer); their predecessors before 1914 were united in hostility to Haldane's concept of a British Expeditionary Force.

The authors, in narrating the Falklands war from the inside, do, in a sense, have the last word. What does emerge from their account is that the "War Cabinet" was notably more belligerent in public than in Downing Street, and that the resolution of the "Chiefs" was certainly needed at critical moments. The Falklands war was not made by the Brass Hats, but the Frocks certainly had cause for gratitude in that they ran it with both skill and imagination. The Chiefs remained citizens in uniform, just.

Anthony Verrier

ARTS

Violence on the high seas

Nicholas Woodworth needed no fairy dust to find these pirates

WHEN Wendy Darling and Peter Pan flew to Never-Never Land they used a complicated process involving fairy dust and the thinking of happy thoughts. When I stumbled out of a West End cinema one afternoon after watching Dustin Hoffman single-handedly take on Peter and the Lost Boys, I too, felt like visiting the land of the pirates. Fairy dust is a nice professional flourish, but quite unnecessary. I simply strolled down to the Thames below Charing Cross, hopped onto a river bus, and headed east.

In fiction, pirate country is a sunny, far-away place of desert islands, squawking parrots and endless nogginis of rum. Pirates themselves are jolly, hearty types, a bit wild and roughish at times, but loveable enough in their own peg-legged way. In reality nothing could be further from the truth. Never-Never Land begins at Wapping, and pirates are the most desperate, unlovable characters you could ever stumble across.

As the river bus skimmed past ferries and barges, warehouses and offices, it all looked innocuous enough. But as we passed through Wapping, one of the crew pointed out Execution Dock and a long flight of steps leading down into the water. It was here, at low tide mark - territory falling under Admiralty jurisdiction - that for centuries captured pirates were hanged on gallows erected on the river bed.

There was nothing jolly or romantic about this. Consider the notorious William Kidd who, mercifully, was roaring drunk the day he was hanged here in 1701. The first time he was strung up the rope snapped and he fell staggering

in the mud below. After the job was finally finished Kidd was left to be submerged and re-exposed by the tide for a day or two, then his corpse was tarred, strapped in an iron harness, and for years left to swing in the wind on a gibbet as a warning to other buccaneers. It is a story that would make the Darling children think twice about fooling around with magic dust.

Had Wendy and her brother accompanied me a little further down-river to Greenwich, they would have been unlikely to leave their beds ever again for Never-Never Land. For at the National Maritime Museum pirates in their true awfulness are on display in a new exhibition. With *Fact and Fiction* as its sub-title, *Pirates* exposes the popular, glamourised view of pirates for what it really is: a fanciful concoction, best consumed in a snug armchair on a rainy day, with little beads in reality.

It is not only pirate classics such as Barrie's *Peter Pan*, Robert Louis Stevenson's *Treasure Island*, or Arthur Conan Doyle's *Swallow and Amazons* which are the culprits. Stage musicals such as Gilbert and Sullivan's *Pirates of Penzance* and a slew of Hollywood films featuring the likes of a cutlass-wielding Errol Flynn are also to blame. From Lord Byron, whose 1814 manuscript of *The Corsair* is displayed, to Steven Spielberg, whose film costume for Hoffman's *Hook* is on exhibit, we are all guilty of wilful fabrication. So much so that there is no evidence to show that real pirates had ever even heard of "walking the plank".

This is not to say that pirates as they actually existed and still exist - are not worthy of interest: the larger part of the exhibit, in fact, is



A typically misleading view of a pirate's life of indolence and sensual luxury

given over to them and shows that they are more intriguing than anything Spielberg could dream up. Piracy has existed throughout history and in many parts of the world: rather than the stock, cardboard cut-out figures we usually imagine, they were a collection of individuals of highly different origins, motives and destinies, with little holding them together as a group other than a willingness to use violence to gain wealth on the high seas. Contrast, for example, Sir

Francis Drake and my own favourite pirate, Edward Teach, better known as Blackbeard. Drake was the greatest seaman of his age, the Queen's servant, and also a privateer - a man who sailed with a letter of marque, or Crown commission, authorising him to plunder Spanish shipping on its behalf in time of war. So lionised was he by the English public that not even unofficial plundering and daring peace-time raids on Spanish colonial ports prevented his being

knighted by Elizabeth I. Blackbeard, on the other hand, was a horrific, Rasputin-like figure who brutalised the men who served him and terrified opponents by appearing in the thick of battle with ribbons tied in his enormous beard, three pairs of pistols strapped to his chest, and smoke-belching slow fuses tucked under his hat. When the end finally came, it took five bullets and more than 30 deep cutlass wounds to bring Blackbeard down.

But different as they may seem, Drake, Blackbeard, Kidd, John Hawkins, Henry Morgan, "Calico Jack" Rackham, the cross-dressing female pirate Mary Read and a score of other infamous pirates are in one sense much of a likeness - they emerged from a "golden age" of piracy which lasted from the 1670s to the 1830s and was based largely in the Caribbean, first on the island of Hispaniola (present day Haiti) and later at the Jamaican pirate town of Port Royal, "the wickedest town in Christendom".

One of the exhibition's attractions, then, is that among its graphic displays, film extracts, sound simulations, robotics and documents and memorabilia from pirate life, room has been found for inclusion of the greater pirate world - mayhem in the Mediterranean, plunder in the Indian Ocean, rapine off the south-east Asian archipelago, terror off Chinese coast. Such an inclusion is merited, for east Asian piracy took place on a vaster scale than it did in even in the Caribbean; witness the great 19th century pirate fleet of the female pirate Ching Shih, who controlled 800 large junks and a pirate community of some 80,000 men and women.

But violently acquisitive as pirates were, few indeed led the luxurious life myth has created for them. Most immediately spent what money they did gain on drink and gambling, leaving little for the gentler pleasures, or even essentials of life. If they took life easily, they gave it easily as well - many died violently of disease and destitution, without a penny in their pockets. Measure these facts up against the colourful fiction of piracy, however, and it is fiction that wins every time. Just ask the bloodthirsty hordes queuing outside West End cinemas.

'Pirates: Fact and Fiction' runs at the National Maritime Museum until September 6

Off the Wall/Antony Thorncroft

One huge gamble

"WHAT'S happening?" enquire arts administrators of journalists, artists of their agents. The answer is a resounding silence. Since David Mellor took over as Secretary of State for the new Ministry of the National Heritage the arts world has been coated in aspic, and is likely to remain so for the next three months.

Sensibly Mellor will closely scrutinise every aspect of his rag-tag empire, which embraces the performing arts and broadcasting, sport and the heritage, before making the profound changes destined to come from a man with his ambition, energy and inclination. The first priority is to find an architecturally distinguished home for his 350 strong work force, assembled from a host of ministries and currently based around the old Office of Arts and Libraries.

At least the team is in place, and Mellor plans no additional junior ministers to handle the arts or sport on a daily basis. He will take all the major decisions, allowing his number two, Robert Key, to oversee the one area Mellor still feels ill at ease with - the national heritage. A new PS, Hayden Phillips, has been brought in from the Treasury to try and restrain expenditure.

Mellor made it clear this week that everything will be reviewed, including the Arts Council. He will read with interest the Council's "National Strategy for the Arts", the first draft of which emerges next week, but there are already signs that the new Ministry regards this as the unfinished business of the old regime. Under Mellor the drift towards regional funding, to the devolution of the arts, may well be halted, but the key funding decisions are likely to be made by Mellor rather than a re-invented Arts Council.

"I don't want this Ministry to be regarded as the old Office of Arts and Libraries on wheels" said Mellor this week. He obviously envisages a much more streamlined conveyance. Pushing the mobile metaphors further he is also loathe to be regarded "as a stage coach packed with gold travelling through Indian territory and in danger of losing a few gold bars here, a few more there, in skirmishes with Indians."

The gold is obviously the proceeds of the National Lottery. The best estimate is that the Lottery should be up and running by 1994 and capable of generating up to £1.5b a year. This is an

amazing amount of money. It is just dawning on Mellor and his team (it has yet to penetrate the arts world generally) that instead of being one of the smallest and most impoverished of departments the Ministry for National Heritage could be amazingly well endowed. The arts in the UK are about to embark on a period of largesse not seen since the Prince Regent went on a buying spree.

Just consider the facts. The arts could receive £250m as its share of the Lottery. It plans to concentrate the money on refurbishing the superstructure of the arts, museum buildings and such like. In Year One it could commit enough to shore up for a century the V&A, the Tate, the British Museum, and the National Gallery. In Year Two (if it was feeling soft hearted) it could give Covent Garden the £90m it needs for its redevelopment and fund a

'The best estimate is that the Lottery should be up and running by 1994'

national dance house. But what on earth is it going to spend the money on in Years Three, Four, etc? No doubt the expenditure on the performing arts, which, in theory, comes from a separate budget, will be trimmed somewhat, but you can just imagine the picture stories in the popular tabloids - of derelict hospitals wards, prefab schools on the one hand, while great palaces for culture, providing nourishment for the middle classes, arise elsewhere. The arts will have a fight on their hands holding on to the money if life and death public services seem underfunded.

No one has yet worked out whether the arts can handle all the extra money which is targeted its way. If Mellor is looking for another transportation metaphor to describe his department he might consider, then quickly reject, "a gravy train".

In his brief three month incarnation as Arts Minister in 1990 Mellor raised hackles by his tangible support for the London Philharmonic Orchestra, of which he had been a board member. The feeble world of London music

will be alert for more favouritism, especially as the LPO has made itself unpopular since assuming the position of "house" orchestra at the South Bank Centre from the autumn.

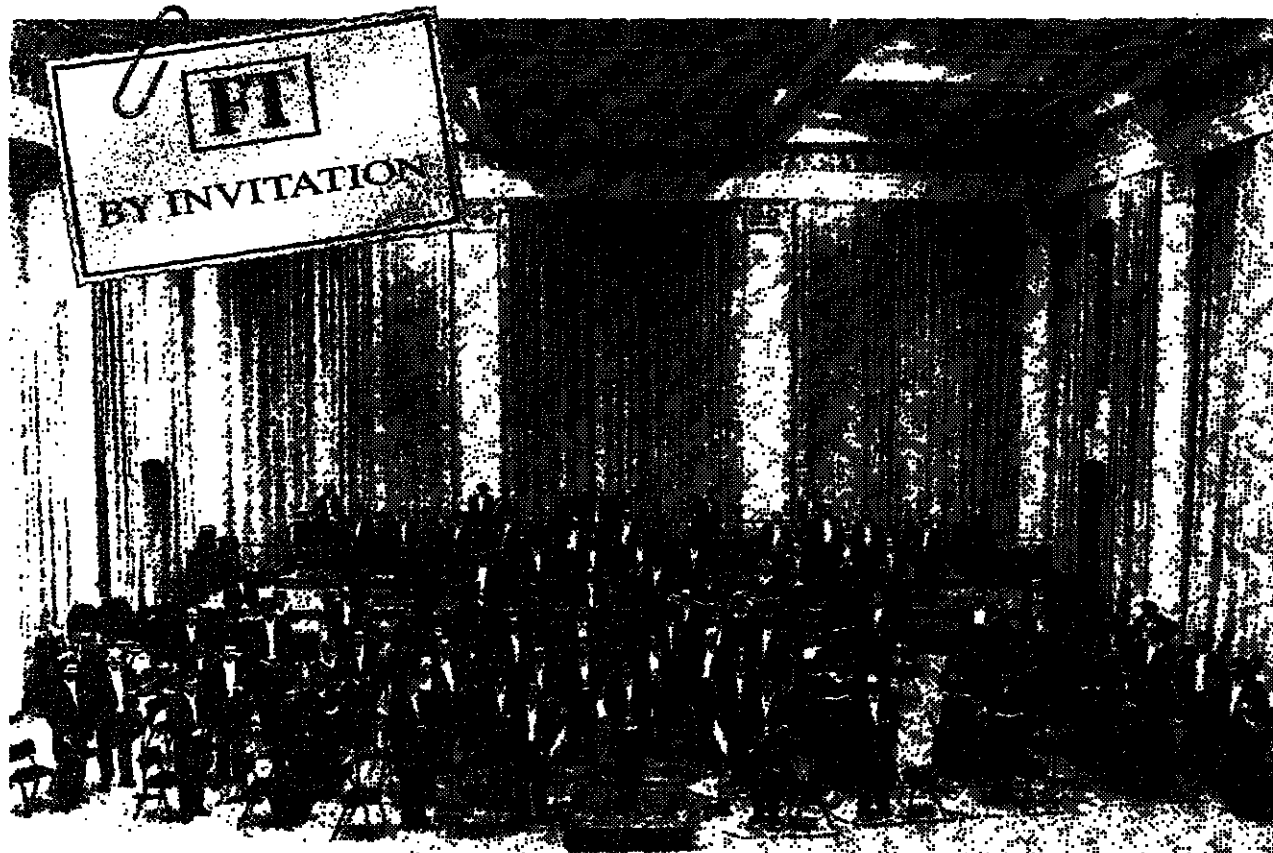
The LPO has undoubtedly privileges, spelt out in the Tooley Report which heralded its appointment. But it seems to want more and has run into conflict with the Philharmonia, which acquired the status of "best friend" of the South Bank. In terms of performance there is not much between them - 50 subscription concerts a season for the LPO; 45 for the Philharmonia. Both get the chance to rehearse in the Festival Hall.

But the Philharmonia's position of power without responsibility is irritating the LPO and already there are clashes appearing in the musical calendar. Next May for example the Philharmonia is performing Mahler's 7th Symphony under Sinopoli and in the same month the LPO is entrusting the work to Tennstedt. This is just the kind of thing that the residency was designed to avoid.

In theory London's four commercial orchestras are entering a period of calm. The LSO is resident at the Barbican, the LPO and the Philharmonia nestle on the South Bank and enjoy seasons at Glyndebourne and Paris respectively, while the RPO is free to tour the world and be commercial.

But the new scenario carries seeds of disaster. Next season the Festival Hall will be dark on well over 50 nights for rehearsal time. Audiences have been thinned by the recession and on average the Hall is less than two thirds full. The LPO will be asked to present challenging concerts. We could see a public reaction against a South Bank which appears to be either closed or presenting music of the third Viennese School.

But if audiences yearn for the good old days of populist works the musicians have never had it so good. Big increases in subsidy to the favoured orchestras mean that earnings have more than doubled in the past four years as the orchestras compete for the best players. The Philharmonia has even introduced holidays and sabbaticals - on the strict understanding that the musicians do not moonlight during their breaks.



The Philharmonia in Paris

The Financial Times invites its readers to join us in Paris to hear an important concert by the Philharmonia Orchestra. We have reserved the best seats in the Châtelet Theatre for the concert on Monday 29th June. Christoph von Dohnanyi will conduct Webern - Im Sommerwind, Beethoven - Piano Concerto No 3 and Brahms - Symphony No 2 with piano soloist Krystian Zimerman.

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Mullova's Schoenberg

ALTHOUGH THE future for three of London's orchestras has been settled, the outlook for the Royal Philharmonic Orchestra remains uncertain: the impression is that it will find a less than warm welcome on the South Bank so long as its concerts are seen to be unadventurous. So there is an irony that its three programmes this month under its Music Director, Vladimir Ashkenazy, include a major Messiaen score, the continuation of its Shostakovich cycle which is being recorded and, on Wednesday, the Violin Concerto by Schoenberg. This last is a rarity in the concert hall. A difficult work in every sense, it is shunned by audiences and violinists in just about equal measure.

Its reputation as a heavy-weight goes before it. Heard live, however, the concerto is surprisingly light on its feet, the large orchestra used with delicacy, the solo violin never wrestling to make itself heard. No doubt Ashkenazy is a sympathetic accompanist, but then it would be difficult not to give one's best support in this work to a soloist as immaculate as Viktoria Mullova.

Where other players may struggle to get the notes, Mullova has no problems. The part is well within her technical limits and she has time to make music from it. This is not to say that her performance

was an overtly emotional one, for Mullova is a dispassionate performer, but she became expressive simply by playing supremely well. There was never an ugly sound, but equally there was no striving after prettiness for its own sake. Just pure and beautiful music-making.

After the interval Ashkenazy and the RPO returned to give

us their familiar interpretation of Sibelius's Second Symphony. The grand lyricism of Ashkenazy in the big romantic symphonies suits this one perfectly, as it does the orchestra. If a move from the South Bank is in prospect, the RPO might ponder that it would not sound as splendid at the Barbican.

Richard Fairman

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18 June	Musica Antiqua Köln
19 June	St. James's Baroque Players - Ivor Bolton
24 June	Quatuor Mosaïque
27 June	St. James's Baroque Players - Ivor Bolton
30 June	Festburger Barockorchester



DOCTOR Muhammad Saeed, 64, stands in the dock of Leeds Crown Court accused of working illegally as a general practitioner for the past 30 years. The prosecution alleges that the man had assumed the identity and qualifications of a 73-year-old Doctor Muhammad Saeed, who qualified with a Bachelor of Medicine and Surgery degree from the University of Punjab, Lahore, in 1949. The younger Muhammad Saeed is alleged to have used a duplicate of this certificate to register with the British General Medical Council in 1961.

Since then, young Saeed has run a surgery in Bradford, West Yorkshire, with 3,000 patients. The prosecution alleges that the man was "bogus" and "was running a sub-standard surgery with sub-standard facilities with a low regard for

The strange case of Dr Mitty

Dominic Lawson asks what it takes to give a person an air of authority

cleanliness... this man is ignorant of medicine and ignorant of the breadth of medicine available and is capable of many prescribing errors."

Only time, and the jury at Leeds Crown Court, will tell whether young Saeed is guilty or innocent of the charge of deception. It brings to my mind an earlier and quite different case in which a man far younger even than young Saeed successfully masqueraded as a surgeon in a National Health Service hospital. He performed a number of minor operations successfully before he was detected as a fantasist who had always dreamt of being a surgeon, a dream nourished by a collection of Emergency Ward

10 videos.

The poor man was defrocked of his white coat, to end up at an institution in the care of other men in white coats. Were they real doctors? - The coat is essential to the trick.

On a more mundane level, I recall the antics of a parsimonious friend with a large appetite who, living near a large hospital, would at lunchtime don a white coat and walk into the hospital canteen. Naturally, the more often he went, the less likely it was that he would be challenged.

But Mr Doctor Saeed has been practising "real" medicine for over 30 years, without raising suspicion. If, as the prosecution allege, he was

not genuine, then it is the greatest example of a successful placebo test in the history of medicine, showing that it is not just fake pills that can cure or treat a patient, but even a fake doctor and a fake surgery.

Nor would this be very surprising. All we require from a GP is a sense of authority and the hope that he or she will send us to hospital if we are ill and he has no idea why or with what. The sense of authority comes simply from the fact that we believe the man actually is a doctor, and if young Saeed happened to send rather more of his patients to hospital than is normal, that would be no bad thing. The worst doctors are those who are not aware of the limits to their

own knowledge. The prosecution would claim that young Saeed was only too well aware.

Paradoxically, the greater the position of authority, the more likely people are to be fooled or convinced.

I recall a conversation with a political observer of some note in the early days of the recent General Election campaign - when it was fashionable, indeed obligatory, to rubbish the Prime Minister.

Major, said this disenchanted observer to me, was a Walter Mitty figure who had, by some bizarre twist of fate, been propelled from obscurity into the job of Prime Minister.

The pundit explained it was actu-

ally very easy to persuade people that one really was the Prime Minister, prime ministerial even. One lives at the right address, and was driven around in the right sort of car, with the right sort of bodyguards. And one had all the resources of the Civil Service at one's disposal, to give one a plausible prepared answer to any tricky questions that might be put. Then the pundit tapped his nose. "But now Mr Major must do without his civil servants" - the equivalent of Dr Saeed's nurse, perhaps "and once he is all alone on the hustings, the electorate will suddenly realise that he is not really the Prime Minister, after all, but just Walter Mitty." Well, they didn't. Which, I suppose the Labour-voting pundit would argue, shows that you can fool 41 per cent of the people all the time.

■ *Dominic Lawson is editor of the Spectator.*

A real con artist

Nigel Spivey

I CANNOT claim to have known one of the late Francis Bacon's champagne chaps. But I have a nice vision of the artist from someone who was.

The setting of this vignette is not the Colony Rooms in London's Soho, but a Chinese restaurant in the Clarendon Road area. Bacon is ensconced not so much with his arty retinue as with an elite of London mobsters. I am told he is along very well with such - criminals, and competed eagerly with them when it came to paying the bill for Chinese meals. He was, as he told them, enormously rich. "Yeah," snarled one. "And you can even draw a bloody dawg!"

In fact, Francis Bacon may well have had difficulty in drawing a realistic draughtsman. But this is not the point. In the eyes of such company at least he seemed like one of them: an arch con man, touching suckers for millions with his pictures and frittering the proceeds as would any big-time felon, on champagne and casinos. It sets me pondering about the rapport between art and criminality. Was Bacon alone in bridging the gap?

The motive of playing tricks on the public has never been far away. Ancient Greek artists liked to paint bunches of grapes so luscious that people would try to grab them. They sculpted cows so motherly that young calves came up to suckle the statues. This, if you think about it, is a kind of fraudulence. Then there was that other Greek artist who, curious to study expressions of pain, subjected his models to tortures of which the Kray Brothers

**HAWKS
&
HANDSAWS**

might have boasted.

Examples of real degeneracy among great artists readily come to mind. Benvenuto Cellini was as proud of his record of GBH as his silverwork. Caravaggio was a scallywag. Most of the works of Rodin and Augustus John are the fruits of persistent sexual harassment; and as for Salvador Dali, his confessed record of malefaction is too repellent to be quoted here. It is enough to say that he was one of the most poisonous individuals this century has so far produced.

There is a converse side to this. In Rome recently, I watched some pickpockets in action: gypsy children, none of them more than nine or ten years old. Their subject was a camera, and cash-laden caravans of Japanese tourists; their treatment of it can only be described as virtuous. With a few deft strokes, they picked out essential details, exhibited wonderfully sensitive handiwork, and lightened the load of human existence.

What more do we want from any artist? I felt like the fellow who came upon a young Giotto, scratching lions on a rock while tending his father's sheep. There was a genius in these gypsy children: they wanted a proper apprenticeship, an academy, for the full flowering of their potential.

Connoisseurs of crime, of course, share much in common with the connoisseurs of art. It was always the unguessed touches of mastery that intrigued Sherlock Holmes; and his techniques for attribution were exactly the same as those currently being used by a posse of Dutchmen bent on distinguishing Rembrandts from not-Rembrandts.

Trawling page three of the *Daily Telegraph* for first-class examples of modern nastiness, I am regularly gratified to find that the aspirations to virtuosity among criminals are abundant, and no signs whatever that the English country house murder is in decline.

Of course, there are plenty of untutored types about - crass dabblers and desperados who know nothing of preliminary sketches, finishing touches, and so on, but some real craftsmen are in evidence.

There are those who can capture every salient object of value in your house within a matter of minutes. Others present convincing models of pension fund managers; others create marvellous images of aristocratic lifestyles. Still others work in the *chiaroscuro* world of back alleys, mixing unusual powders for extraordinary leaps of the imagination; while others again prefer to shock the public by their stubborn disregard for form and decorum.

To anyone who has lately been burgled or set upon, this will appear a heartless conceit. And in truth, I see only one benefit from granting artistic status to our criminals: it would be a renaissance for which the government would be given credit.

Private View/Christian Tyler

From exodus to Armageddon

FROM THE ruins of Armageddon came the sound of violins. The sound led to a man and woman in their fifties who stood together in the shade of a eucalyptus tree at the foot of the ancient city. They were reading from dog-eared sheet music, duets by the late 18th century composer Ignace Pleyel. Propped in front of them was a printed plastic sign "New immigrants from USSR" and a basket containing coins.

The couple said they had arrived from the Ukraine two years ago and this genteel form of husking was the only employment they had found so far.

Israelis are fond of saying with a wry pride that they have enough Russian immigrant violinists to fill their national symphony ten times over. But the joke turns sour when in the centre of Jerusalem or Tel Aviv you can find whole streets full of professional musicians scraping for a living.

About 350,000 Soviet Jews have landed in Israel since they were given freedom to emigrate in 1989, a number which is equivalent to 7 per cent of the country's population. The total was expected to rise to 1m by 1995 but in the past year the

crimination show itself?

"I tried to get to the polytechnic and they didn't want to take me because I was a Jew. They didn't sign the reference in the Communist party committee. Only with that could you get to college."

Nathanson went to the local school and to the University of Gorki to study solid-state physics and eventually, after his two years in the Red Army, became a lecturer at a technical college.

I asked him: although you suffered professional discrimination, were your neighbours friendly?

"I had a very good relationship with all my colleagues at work. But I was very surprised by something that happened some time before I came to Israel. We were discussing a photograph in a magazine and one of my friends said to another: 'Look, this man looks a bit like you!' The other answered: 'No he doesn't. Why do you compare me with some Jew?' I was very depressed. I didn't expect that reaction from him because he had been my friend for many years."

Was it because of anti-semitism that you decided to emigrate?

"It was one of the reasons. Besides, I was afraid for my children, for their future. I didn't know

Alexander Nathanson, a Russian immigrant to Israel, on anti-Semitism, his new life in the Jewish Motherland, and the search for employment

monthly intake has halved and halved again. At the last reported count, some 1,500 Russians had applied to go home again.

Russian unemployment has given rise to scandalous tales - of university professors reduced to scavenging in dustbins, of doctors employed as hodcarriers and women teachers resorting to prostitution - and to resentment on both sides.

I went to the Soviet Jewry Centre in central Jerusalem to meet Alexander Nathanson, a 50-year-old physics lecturer from Kuybyshev on the river Volga, who has been in Israel for 15 months without a job.

The centre is one of 14 refuges in the city where Russians can go to keep themselves occupied. This one specialises in the arts: chamber music, jazz, drama, painting, and performances by "the singing rabbi". An Edith Piaf album was playing in the coffee shop. Everybody smoked. A greybeard with a profile to rival Rasputin's sat at the bar. A dark youth by the window sighed over a letter from home. Somebody was practising the saxophone in a nearby auditorium.

Nathanson is tall and very shy, with big hands and a slow smile. He talked, through an interpreter, as if undergoing yet another bureaucratic interrogation: self-effacing to the point of submissiveness, polite, alert but careful to say nothing that might offend his host country.

I asked him whether he had felt victimised in Russia.

"In general it was difficult for a Jew to get to university, especially to a physics faculty."

Would you have got further if you were not a Jew?

"Possibly."

In ordinary life, how did this dis-

what was going to happen to the country."

Nathanson emigrated with his wife Alla, a piano teacher who is also looking for work, and his daughters Inna, 21, and Elena, 15. I asked him if it was his decision to leave, or his wife's.

"It was our joint decision. We thought a lot about it and then decided."

In the Soviet Union did you feel Jewish or did you feel Russian?

"I was born in Russia and my native language was Russian. I was brought up on Russian culture and literature. And of course I read the works of Russian writers and I loved them. But I never forgot that I'm a Jew and I was also aware of Jewish culture. I went to concerts of Jewish music and everything, but I am not religious."

Did you really want to go to America or some other country? Was Israel your first choice?

"We came here at the time of the Gulf War and we stopped first of all in Hungary where my wife tried to get us to some other country. But I wanted to go to Israel and insisted."

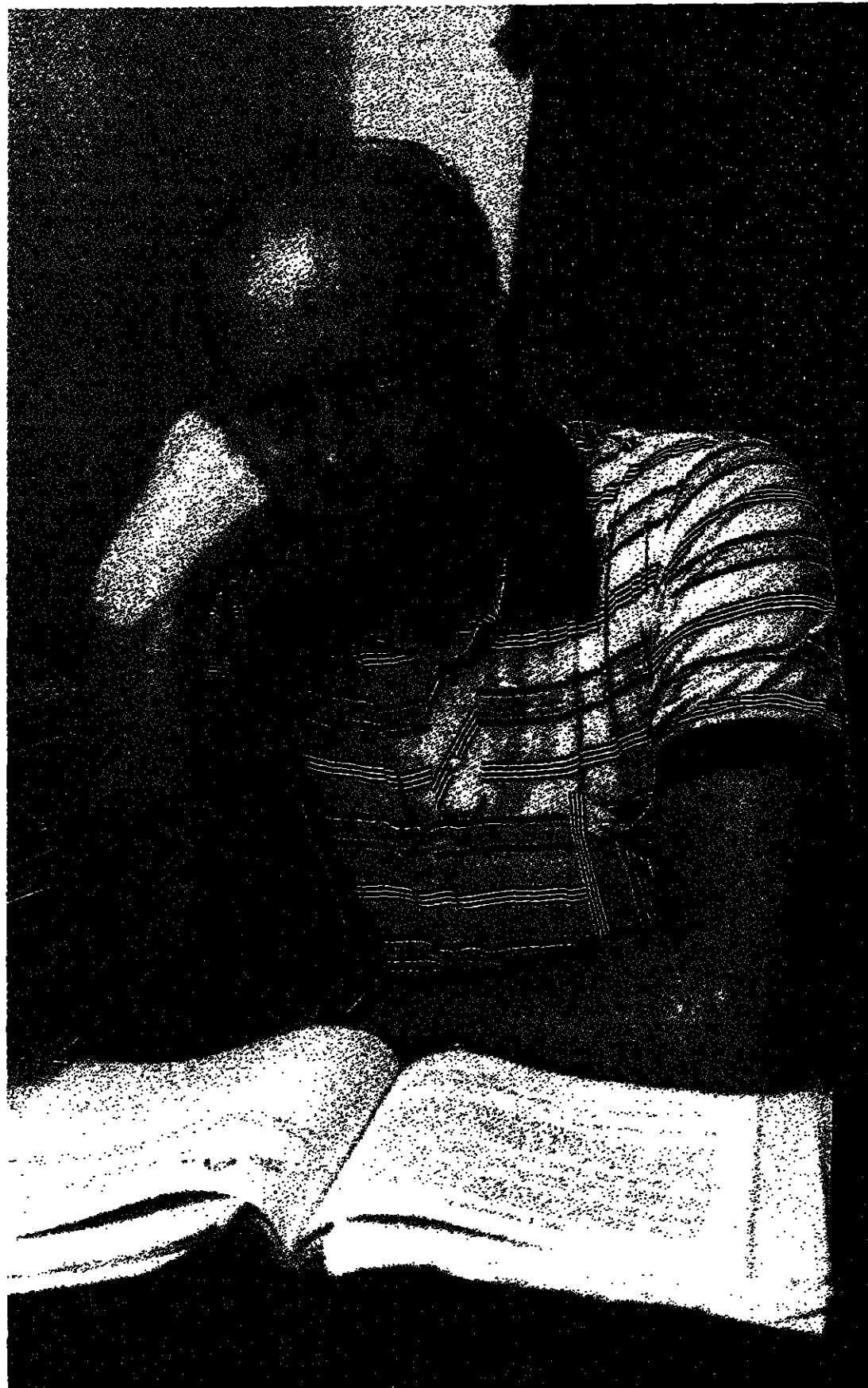
What is so special about Israel?

"We didn't have much choice. That is one of the reasons. Another important reason is that it is our national motherland."

What are your prospects of work? "At the moment I am studying at the university, a special course for teachers of physics and mathematics. I hope that after I've finished I'll be able to find a job."

There must be many others with similar questions. Won't it be a problem finding work?

"Yes, I think it's a big problem at the moment. But I am also a member of the organisation of Russian



scientist immigrants who try to develop their own ideas for commercial application. I hope we will manage but it's very difficult. Perhaps I will find a job in this way."

Have you done any kind of work for money here yet?

"Not yet. I've given some private lessons."

Any building work or waiting?

"No. The Nathansons live on 670 shekels (about £204) a month unemployment benefit and what is left over

from the so-called Absorption Basket, a start-up loan which has to be repaid if the immigrant leaves Israel within five years."

Do you find it depressing?

"Naturally I have spent a lot of time learning Hebrew. But I am not used to being unemployed for such a long period."

Did you know before you came how difficult life would be here?

"I did know, but I was hopeful."

Housing is as much or more of a problem in Israel as it was in Rus-

sia. Critics of the right-wing government accuse it of treating the Russian immigrants as political pawns: using their presence to justify aggressive settlement-building in the occupied West Bank instead of finding ways of absorbing them in the home economy.

In Kuybyshev the Nathanson family had two large rooms. In their suburban flat in Talpott outside Jerusalem they share three bedrooms and a sitting room with their parents-in-law and his daughter's

restaurant stays had for ever - it usually goes out of business. In almost four years as a restaurant critic three different chefs have threatened me with legal action - one even phoned me at home at 8.45am on a Saturday to complain about what I had written about him in that day's paper - but fortunately nothing materialised.

What I dread far more is a letter of complaint, or even the threat of legal action, from a reader who has returned disappointed from a restaurant I have praised.

I sincerely hope it will never happen. If it should, I will carry on going to restaurants because I feel that they do more than just serve food and wine. When the novelist Paul Gallico was a sports journalist for the *Daily News* in New York in the 1920s and early 1930s he wrote that he loved going to sporting events - boxing, baseball or the races - because all human life was there. I feel the same way about restaurants and no judge, over-sensitive restaurateur or prima donna chef is going to dampen my enthusiasm for them.

Yes, chefs have feelings too

Nicholas Lander on a restaurant critic's comeuppance

shortly after we opened, brought any noticeable increase in business. The other good reviews did, however, have one significant effect - they were wonderful for staff morale. Photocopied and pinned to every available wall in the kitchen and staff changing room, they gave everyone a much-needed boost and allowed us to deal calmly with the customers next day who demanded the impossible immediately.

I wish I could say we accepted the bad reviews with the same equanimity. We swore, cursed, felt very hurt and tried to investigate what had gone wrong. In one respect the hurt was understandable. Cooking is a very personal process.

When I cook at home for friends and they leave anything on their plates - I try to be a generous host - I feel hurt. Chefs have the same

feelings. They do not like their hard work to be rejected but because they very rarely see their customers they have no chance of gauging their customers' reaction whether it is laudatory or critical.

But chefs and restaurateurs do share one great advantage. The most difficult aspect for anyone to understand about the restaurant trade is that there is no "pending tray". Everything happens so quickly - a busy dinner follows a hectic lunch seemingly within minutes - and all customers have to be dealt with so promptly that there is little time to sit and talk, let alone mope over a bad review.

Instead, there is the immediate possibility of putting things right. If, at lunch, the fish section was slow or the desserts not good enough, customers can be compensated immediately with a

free bottle of wine and the organisational details can be rectified promptly.

A playwright, concert pianist or sculptor, whose productions may take years to create, does not have this opportunity. When I asked the novelist Julian Barnes how he reacted to a bad review he said that it would be inhuman not to feel some gut reaction - letting down the tyres of the reviewer's car was his immediately intuitive solution. But in his previous careers, studying for the Bar and then writing literary and restaurant reviews, he had come to the same conclusions as I have.

First, in matters of personal and critical opinion the law should never be brought in except in extreme cases of damage or malice (ie allegations of a lack of hygiene that may have caused food

poisoning). This would rule out restaurants suing critics for their highly subjective observations.

Second, restaurant reviewers, and their newspapers, should allow restaurateurs and chefs the right of factual correction. Once that was established reviewers might be forced to stick more closely to expressing what they know rather than what they feel.

Such a system would also bridge the gulf between reviewers and their readers. The most salutary aspect of the law suit in Ireland, and there have been similar cases in Paris and Sydney, where restaurant critics and their papers have been successfully taken to court by restaurateurs, may be that the general public stops taking any critic's word as gospel. Even the best restaurants and the greatest chefs can have off nights and no

restaurant stays had for ever - it usually goes out of business.

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MR JUSTICE Frank Martin, a Dublin judge, this week awarded the maximum damages allowed in an Irish Circuit Court, £15,000 plus costs, against the *Irish Times* and its restaurant critic, Sandy O'Byrne, for her review of the Olive restaurant in Sandycove, Co Dublin.

As a restaurant turned critic this judgment, even though it sets no precedent in British law, should have sent professional shivers down my spine. It did not.

Instead, I felt as though I had eaten a bad meal rather than read someone else's account of one. Why, I asked myself, could the restaurateur not accept the criticism? Why should the reviewer, if she was factually inaccurate, not apologise and print a correction? And why was the legal process involved at all to settle a matter of personal and highly subjective opinion?

In its day my restaurant received both good and bad reviews, fortunately more of the former. Only one, in the *Evening Standard*,